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If you sell or have sold or otherwise transferred all your Ordinary Shares, please send this Circular as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer is or was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, you should retain these documents and consult the stockholder, bank or other agent through whom the sale was effected.

This Circular does not constitute an offer of any securities for sale. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this Circular to any jurisdiction outside the United Kingdom should seek appropriate advice before taking any action. The distribution of this Circular and any accompanying documents into jurisdictions other than the United Kingdom may be restricted by law. Any person not in the United Kingdom into whose possession this Circular and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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## **ZINC MEDIA GROUP PLC**

*(a public limited company incorporated in Scotland with registered number SC075133)*

**Proposed placing of 3,888,889 New Ordinary Shares  
at a price of 90 pence per New Ordinary Share**

**Preference Share Conversion, Debt Conversion, Debt Variation,  
Share Consolidation, Capital Reduction, Article Amendments,**

**Approval of waiver of Rule 9 of the City Code on Takeovers and Mergers**

**and**

**Notice of General Meeting**

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You are recommended to read the whole of this Circular but your attention is drawn, in particular, to the letter from the Chairman of the Company which is set out on pages 12 to 27 of this Circular. This letter recommends that you vote in favour of the Placing Resolutions to be proposed at the General Meeting. The Placing, Preference Share Conversion and Debt Conversion are conditional on the Whitewash Resolution being approved by Shareholders at the General Meeting. The Directors of Zinc Media Group Plc accept individual and collective responsibility for the information contained in this Circular including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Circular is in accordance with the facts and this Circular makes no omission likely to affect the import of such information.

**A notice convening a General Meeting of the Company, to be held at 10.00 a.m. on 12 February 2020 at the offices of N+1 Singer at 1 Bartholomew Lane, London EC2N 2AX, is set out at the end of this Circular.**

**The action to be taken by Shareholders in respect of the General Meeting is set out on page 26 of this Circular. If you hold your Ordinary Shares in certificated form, whether or not you plan to attend the General Meeting, you are encouraged to submit your proxy vote online at [www.signalshares.com](http://www.signalshares.com) as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 10 February 2020 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting).**

**If you hold your Ordinary Shares in uncertificated form (that is, in CREST) you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting set out at the end of this Circular). Proxies submitted via CREST must be received by the Company's agent, Link Asset Services (whose CREST ID is RA10) by no later than 10.00 a.m. on 10 February 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). The submission of a proxy vote will not prevent you from attending and voting in person at the General Meeting, or any adjournment thereof, should you wish to do so.**

The distribution of this Circular in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. Subject to certain exceptions, this Circular is not for release publication or distribution, directly or indirectly, in or into the United States, Australia, Canada, the Republic of South Africa, Japan or any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

Copies of this Circular are available, free of charge, at the office of Zinc Media Group Plc at 13th Floor, Portland House, Bressenden Place, Westminster, London SW1E 5BH and on the Company's website [www.zincmedia.com](http://www.zincmedia.com).

Nplus1 Singer Advisory LLP is authorised and regulated by the Financial Conduct Authority and is acting exclusively for the Company and no-one else in connection with the Placing and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or the contents of this Circular or any other matter referred to herein. No representation or warranty, express or implied, is made by N+1 Singer as to any of the contents of this Circular, and N+1 Singer has not authorised the contents of any part of this Circular and accepts no liability whatsoever for the accuracy of any information or opinions contained in this Circular or for the omission of any material information from this Circular for which the Company and the Directors are solely responsible. Nothing in this paragraph shall serve to exclude or limit any responsibilities which N+1 Singer may have under FSMA or the regulatory regime established thereunder.

Peterhouse Capital Limited is authorised and regulated by the Financial Conduct Authority and is acting exclusively for the Company and no-one else in connection with the Placing and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or the contents of this Circular or any other matter referred to herein. No representation or warranty, express or implied, is made by Peterhouse as to any of the contents of this Circular, and Peterhouse has not authorised the contents of any part of this Circular and accepts no liability whatsoever for the accuracy of any information or opinions contained in this Circular or for the omission of any material information from this Circular for which the Company and the Directors are solely responsible. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Peterhouse may have under FSMA or the regulatory regime established thereunder.

No person has been authorised to give any information or make any representation other than those contained in this Circular and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this Circular shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Circular or that the information in it is correct as of any subsequent time.

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

This Circular contains statements about Zinc Media Group Plc that are or may be deemed to be "forward-looking statements".

All statements, other than statements of historical facts, included in this Circular may be forward-looking statements. Without limitation, any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "should", "anticipates", "estimates", "projects", or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include, without limitation, statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects and (ii) business and management strategies and the expansion and growth of the operations of Zinc Media Group Plc.

These forward-looking statements are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules, the Code, the Prospectus Rules and/or the FSMA), Zinc Media Group Plc does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to Zinc Media Group Plc or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this Circular are based on information available to the Directors of Zinc Media Group Plc at the date of this Circular, unless some other time is specified in relation to them, and the posting or receipt of this Circular shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

### **Rounding**

Certain figures in this Circular have been subject to rounding adjustments. Accordingly, any apparent discrepancies in tables between the totals and the sums of the relevant amounts are due to rounding.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

**2020**

Publication of this Circular	24 January
Latest time and date for receipt of proxy votes	10.00 a.m. on 10 February
General Meeting	10.00 a.m. on 12 February
Record Date in respect of the Share Consolidation	6.00 p.m. on 12 February
Admission and dealings in the New Ordinary Shares expected to commence on AIM	8.00 a.m. on 13 February
Where applicable, expected date for CREST accounts to be credited in respect of the New Ordinary Shares in uncertificated form	13 February
Where applicable, expected date for despatch of definitive share certificates for New Ordinary Shares in certificated form	by no later than 27 February
Expected date of initial directions hearing of the Court (in respect of Capital Reduction)*	18 February
Record date in respect of the Capital Reduction*	6.00 p.m. on 16 March
Expected date of Court Hearing to confirm the Capital Reduction*	17 March
Expected effective date for the Capital Reduction*	19 March

**Notes:**

1. Each of the times and dates above are indicative only and are subject to change (including, in respect of those items marked '\*\*', any changes imposed by the Court). If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement through a regulatory information service.
2. All of the above times refer to London time unless otherwise stated.
3. The admission of the Placing Shares on AIM is conditional on, inter alia, the passing of the Whitewash Resolution at the General Meeting.

## KEY STATISTICS

Placing Price	90 pence
Number of Ordinary Shares as at 23 January 2020 (being the latest practicable Business Day prior to the publication of this Circular)	1,489,573,609
Conversion ratio of Ordinary Shares to New Ordinary Shares	500 Ordinary Shares to 1 New Ordinary Share
Nominal value of a New Ordinary Share following the Share Consolidation	0.125 pence
Number of New Ordinary Shares in issue immediately following the Share Consolidation and prior to the issue of the Placing Shares and the Conversion Shares	2,979,147
Number of Placing Shares to be issued	3,888,889
Number of Conversion Shares (other than Deferred Shares) to be issued to Herald pursuant to the Preference Share Conversion	955,454
Number of Conversion Shares to be issued to JB pursuant to the Debt Conversion	86,092
Total number of New Ordinary Shares in issue following Admission	7,909,582
Total proceeds of the Placing	£3.5 million
Estimated net proceeds of the Placing receivable by the Company	£3.2 million
New ISIN of the Ordinary Shares following the Share Consolidation	GB00BJVLR251
TIDM	ZIN
LEI	21380038V6N4I4P38D74

*\* assuming no options or warrants are exercised between the date of this Circular and Admission*

## DIRECTORS AND ADVISERS

<b>Directors</b>	Christopher James Satterthwaite – <i>Chairman</i> Mark David Browning – <i>Chief Executive Officer</i> Will Sawyer – <i>Chief Financial Officer</i> Nicholas James Taylor – <i>Non-Executive Director</i> Andrew Sheldon Garard – <i>Non-Executive Director</i>
<b>Registered Office</b>	7 Exchange Crescent, Conference Square, Edinburgh, EH3 8AN
<b>Company Secretary</b>	Will Sawyer
<b>Nominated Adviser and Joint Broker</b>	Nplus1 Singer Advisory LLP One Bartholomew Lane London EC2N 2AX
<b>Joint Broker and Financial Adviser</b>	Peterhouse Capital Limited 80 Cheapside London EC2V 6DZ
<b>Solicitors to the Company</b>	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place, 78 Cannon Street London EC4N 6AF
<b>Solicitors to the Nominated Adviser and Joint Broker</b>	Osborne Clarke LLP One London Wall London EC2Y 5EB
<b>Registrars</b>	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## DEFINITIONS

The following definitions apply throughout this Circular (including the Notice of General Meeting) unless the context requires otherwise:

<b>Admission</b>	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>AIM</b>	AIM, a market operated by the London Stock Exchange
<b>AIM Rules</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time;
<b>Article Amendments</b>	the amendments to the Articles proposed in the Resolutions
<b>Articles</b>	the Company's articles of association adopted as at the date of this Circular
<b>Board or Directors</b>	the directors of the Company whose names are set out on page 6 of this Circular
<b>Business Day</b>	any day on which banks are usually open in England and Wales for the transaction of sterling business, other than a Saturday, Sunday or public holiday
<b>Capital Reduction</b>	the proposed share capital reduction of the Company pursuant to which (i) the amount standing to the credit of the Company's share premium account the Deferred Shares and D Deferred Shares will be cancelled and (ii) the amount of £0.9 million, being the entire amount standing to the credit of the Company's merger reserve, will be capitalised by issuing Capital Reduction Shares and thereafter such Capital Reduction Shares will be cancelled immediately
<b>Capital Reduction Bonus Issue</b>	the bonus issue of one Capital Reduction Share for every one Ordinary Share held by each Shareholder on the register of members of the Company at the Capital Reduction Record Time in order to facilitate the Capital Reduction as described in this Circular
<b>Capital Reduction Record Time</b>	6.00 p.m. on the date immediately preceding the date of the Court Hearing
<b>Capital Reduction Shares</b>	the New Ordinary Shares to be created by the Capital Reduction Bonus Issue, whereby the nominal value of such shares is equal to the sum that is obtained by dividing the number of such shares to be issued into £0.9 million, being the amount standing to the credit of the Company's merger reserve
<b>certificated or in certificated form</b>	a share or other security not held in uncertificated form (that is, not in CREST)
<b>Circular</b>	this document
<b>Code</b>	the City Code on Takeovers and Mergers

<b>Company or Zinc</b>	Zinc Media Group Plc, a company incorporated in Scotland with registered number SC075133
<b>Completion</b>	the Share Consolidation, the Debt Variation, the Placing, the Preference Share Conversion and the Debt Conversion being completed and Admission having taken place
<b>Concert Party</b>	Herald and the John Booth Parties, all of whom are regarded for the purposes of the Code as acting in concert (as defined by the Code)
<b>Conversion Shares</b>	each of (i) the 955,454 New Ordinary Shares, (ii) 332,049 Deferred Shares ((i) and (ii), together, comprising the Redesignated Shares and the Preference Dividend Shares) to be issued to Herald as a result of the Preference Share Conversion and (iii) the 86,902 New Ordinary Shares to be issued to JB as a result of the Debt Conversion
<b>Court</b>	the Scottish Commercial Court within the Court of Session
<b>Court Hearing</b>	the hearing by the Court to confirm the Capital Reduction
<b>CREST</b>	a relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time
<b>D Deferred Shares</b>	the 419,397,339 D deferred shares of 0.09975 pence each in the capital of the Company as at the date of this Circular
<b>Debt Conversion</b>	conversion of the £77,482 debt owed by the Company to JB, at the Placing Price, into the relevant Conversion Shares
<b>Debt Holders</b>	Herald and JBCF
<b>Debt Variation</b>	the proposed variation to the terms of the long-term debt held by the Debt Holders, and the proposed variation to the terms of the unsecured loan notes held by Herald, as detailed in this Circular
<b>Debt Variation Agreements</b>	the conditional agreements between the Company and the Debt Holders, relating to the Debt Variation
<b>Deferred Shares</b>	the deferred shares of 1.99 pence each in the capital of the Company as at the date of this Circular plus (following completion of the Preference Share Conversion) those of the Redesignation Shares which are to be issued as Deferred Shares
<b>Directors</b>	the directors of the Company as at the date of this Circular
<b>Enlarged Share Capital</b>	the issued share capital of the Company at the date of this Circular as altered by (i) the Share Consolidation (ii) the issue and allotment of the Placing Shares and (iii) the issue and allotment of the Conversion Shares

<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>Existing Ordinary Shares</b>	the 1,489,573,609 Ordinary Shares in issue at the date of this Circular, all of which are admitted to trading on AIM
<b>Existing Share Capital</b>	the issued share capital of the Company at the date of this Circular
<b>Financial Conduct Authority</b>	the Financial Conduct Authority (and its predecessor, the Financial Services Authority) in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)
<b>General Meeting</b>	the general meeting of the Company to be held at 10.00 a.m. on 12 February 2020, notice of which is set out at the end of this Circular
<b>Group</b>	the Company and its subsidiaries
<b>Herald</b>	Herald Investment Trust plc (company number: 02879728)
<b>HIML</b>	Herald Investment Management Limited (company number: 02877061)
<b>Independent Shareholders</b>	Shareholders who are independent of a person who would otherwise be required to make a Rule 9 Offer and any person acting in concert with him or her
<b>JB</b>	John David Sebastian Booth, a substantial shareholder of the Company and a director of HIML
<b>JBCF</b>	John Booth Charitable Foundation
<b>John Booth Parties</b>	JBCF and JB
<b>Joint Brokers</b>	N+1 Singer and Peterhouse (each a “ <b>Joint Broker</b> ”)
<b>LIBOR</b>	the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for sterling for the relevant period, displayed on page LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters
<b>London Stock Exchange or LSE</b>	London Stock Exchange plc
<b>MoL</b>	made outside London
<b>N+1 Singer</b>	Nplus1 Singer Advisory LLP, the Company’s nominated adviser and Joint Broker
<b>New Ordinary Shares</b>	the new ordinary shares of 0.125 pence each in the capital of the Company (i.e. following the Share Consolidation)
<b>Notice or Notice of General Meeting</b>	the notice of the General Meeting set out at the end of this Circular

<b>Official List</b>	the official list of the Financial Conduct Authority
<b>Options</b>	options granted by the Company over unissued Ordinary Shares pursuant to employee share option schemes and rights to subscribe for shares pursuant to employee and non-executive long-term incentive plans put in place by the Company
<b>Ordinary Shares</b>	the ordinary shares of 0.00025 pence each in the capital of the Company (i.e. prior to the Share Consolidation)
<b>Panel</b>	the Panel on Takeovers and Mergers
<b>Peterhouse</b>	Peterhouse Capital Limited, the Company's Joint Broker and independent financial adviser for the purposes of the Code
<b>Placing</b>	the placing of the Placing Shares at the Placing Price
<b>Placing Agreement</b>	the conditional placing agreement dated 17 January 2020 between (1) the Company (2) N+1 Singer and (3) Peterhouse relating to the Placing;
<b>Placing Price</b>	90 pence per Placing Share
<b>Placing Shares</b>	the 3,888,889 New Ordinary Shares to be issued by the Company pursuant to the Placing
<b>Preference Dividend Share Issue</b>	in connection with the Preference Share Conversion, the issue by the Company of the Preference Dividend Shares, at the Placing Price, to Herald, in consideration of Herald releasing the Company's liability to pay the accumulated unpaid dividend on its Preference Shares totalling £92,554
<b>Preference Dividend Shares</b>	the 102,839 New Ordinary Shares to be issued by the Company to Herald pursuant to the Preference Dividend Share Issue (and effected as part of the Preference Share Conversion)
<b>Preference Share Conversion</b>	conversion of the Preference Shares, at the Placing Price, into the relevant Conversion Shares, effected via the Subdivision and Redesignation and the Preference Dividend Share Issue
<b>Preference Shares</b>	767,354 preference shares of 0.01 pence each in the capital of the Company, held by Herald, as at the date of this Circular
<b>Proposals</b>	the Placing, the Preference Share Conversion, the Debt Conversion, the Debt Variation, the Share Consolidation, the Article Amendments and the Capital Reduction
<b>Prospectus Rules</b>	the prospectus rules made by the FCA pursuant to the section 73A of the FSMA
<b>Record Date</b>	6.00 p.m. on 12 February 2020
<b>Redesignated Shares</b>	each of the (i) 852,615 New Ordinary Shares and (ii) 332,049 Deferred Shares created by the Company and registered to Herald pursuant to the Subdivision and

	Redesignation (and effected as part of the Preference Share Conversion)
<b>Registrar</b>	Link Asset Services, registrars to the Company
<b>Resolutions</b>	the resolutions set out in the Notice of General Meeting
<b>Rule 9 Offer</b>	a general offer under Rule 9 of the Code
<b>Share Consolidation</b>	the proposed consolidation of the Company's ordinary share capital pursuant to which each 500 Ordinary Shares will be consolidated into one New Ordinary Share
<b>Shareholders</b>	holders of Ordinary Shares
<b>Subdivision and Redesignation</b>	in connection with the Preference Share Conversion, the subdivision and redesignation of the Preference Shares into the Redesignated Shares
<b>SVOD</b>	subscription video on demand
<b>Tern Television</b>	Tern Television Productions Limited (being a wholly owned subsidiary of the Company)
<b>uncertificated or in uncertificated form</b>	recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States or US</b>	the United States of America
<b>Waiver</b>	the waiver expected to be granted by the Panel (subject to the passing of the Whitewash Resolution as set out in the Notice of General Meeting) in respect of the obligation on the Concert Party to make a mandatory offer under Rule 9 of the Code in connection with the issue of the Placing Shares and the Conversion Shares as more particularly described in Part I of this Circular
<b>Whitewash Resolution</b>	an ordinary resolution passed by the Independent Shareholders on a poll at the General Meeting approving the proposals giving rise to the obligation to make a Rule 9 Offer and the waiver of it by the Panel
<b>£, pounds sterling or pence</b>	UK pounds sterling, the lawful currency of the United Kingdom

## PART I

### LETTER FROM THE CHAIRMAN

# ZINC MEDIA PLC

*(a public limited company incorporated in Scotland with registered number SC075133)*

*Directors:*

Christopher James Satterthwaite – *Chairman*  
Mark David Browning – *Chief Executive Officer*  
Will Sawyer – *Chief Financial Officer*  
Nicholas James Taylor – *Non-Executive Director*  
Andrew Sheldon Garard – *Non-Executive Director*

*Registered Office:*

7 Exchange Crescent,  
Conference Square,  
Edinburgh  
EH3 8AN

24 January 2020

*To holders of Ordinary Shares and, for information only, to holders of Options and Warrants*

Dear Shareholder,

**PROPOSED PLACING OF 3,888,889 NEW ORDINARY SHARES,  
PREFERENCE SHARE CONVERSION, DEBT CONVERSION, DEBT VARIATION,  
SHARE CONSOLIDATION, ARTICLE AMENDMENTS, CAPITAL REDUCTION AND  
APPROVAL OF WAIVER OF RULE 9 OF THE CITY CODE ON TAKEOVERS AND MERGERS  
AND  
NOTICE OF GENERAL MEETING**

### INTRODUCTION

On 17 January 2020, the Company announced that it had conditionally raised £3.5 million (before expenses) by way of a placing of 3,888,889 New Ordinary Shares. The proceeds of the Placing will be used to fund various elements of the Company's transformational plan, launched in September 2019, and for general working capital purposes.

Alongside the Placing, the Company also announced that it had reached an agreement with: (i) Herald, the Company's largest shareholder, to convert the remaining Preference Shares and accrued dividends held by them, amounting to approximately £859,908 as at 23 January 2020 (being the latest practicable Business Day prior to the publication of this Circular), into New Ordinary Shares, (ii) to extend the term of the long-term debt instrument held by Herald and the JBCF, (iii) to extend the term of the unsecured loan notes held by Herald and (iv) to convert £77,482 of long-term debt owing to JB (also being the entire balance outstanding) into New Ordinary Shares.

The Company is also proposing to reorganise the share capital of the Company by way of (i) the Share Consolidation, with the aim of improving the marketability of the Ordinary Shares, and (ii) the Capital Reduction, with the aim of bolstering the Company's potential to pay dividends in the future, as the business grows. Finally, the Company is also taking this opportunity to amend its Articles to take into account ancillary amendments arising as a result of the matters set out above.

Herald, the Company's largest shareholder and a member of the Concert Party, currently holds 501,455,735 Ordinary Shares, equivalent to 33.66 per cent. of the Existing Share Capital. When taken with the John Booth Parties, the Concert Party holds 566,698,927 Ordinary Shares in aggregate, equivalent to 38.04 per cent. of the Existing Share Capital. Pursuant to the Placing, Herald has conditionally agreed to subscribe for 1,229,465 Placing Shares and the John Booth Parties have conditionally agreed to subscribe for 129,861 Placing Shares, in addition to which, pursuant to the Preference Share Conversion, Herald will receive 955,454 New Ordinary Shares (and 332,049 Deferred

Shares) and pursuant to the Debt Conversion, JB will receive 86,092 New Ordinary Shares; all of which is conditional upon approval of the Proposals at the General Meeting. Following Completion, Herald's shareholding in the Company will increase to 3,187,830 New Ordinary Shares, equivalent to 40.30 per cent. of the Enlarged Share Capital and the holding of the John Booth Parties will increase to 346,439 New Ordinary Shares, equivalent to 4.38 per cent. of the Enlarged Share Capital. In aggregate, the holding of the Concert Party will increase to 3,534,269 New Ordinary Shares, equivalent to a total of 44.68 per cent. of the Enlarged Share Capital. Without a waiver of the obligations under Rule 9 of the Code, these acquisitions would require the Concert Party to make a general offer for the entire issued and to be issued share capital of the Company not already held by the Concert Party. The Panel has agreed with the Company to grant such a waiver, subject to the passing at the General Meeting by Independent Shareholders (being Shareholders other than the members of the Concert Party) of the Whitewash Resolution, to be taken on a poll.

The purpose of this Circular is to provide you with information about the background to and the reasons for the Proposals and to explain why the Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole and to seek Shareholders' approval of the Resolutions (including the Whitewash Resolution) to be proposed at the General Meeting, notice of which accompanies this Circular.

## **BACKGROUND TO AND REASONS FOR THE PROPOSALS**

Zinc's businesses in television and content creation produce some of the UK's most respected and most watched content. The Group is well-established as one of the country's premium content companies led by trusted producers, operating under familiar and respected labels. The Board believes that the Group's new management team, appointed in FY19, has the ability to drive significant long-term growth and Zinc is an attractive vehicle from which to build a scalable content creation company.

Zinc generates healthy revenues, particularly in television, although it is currently loss making and, due to the current lack of scale, Group revenues are susceptible to peaks and troughs. The Group's new management team, which has a strong track record of turning media businesses around, has drawn up a detailed transformation plan to capitalise on Zinc's significant market opportunity. This plan requires investment to execute within the targeted time frame.

In addition to the transformation plan, in order to simplify the Group's capital structure, the Proposals include and the Board has agreed the following actions to restructure the balance sheet and shareholder base:

- Conversion of all remaining Preference Shares and outstanding accrued dividends as at 15 January 2020 (being the latest practicable Business Day prior to announcement of the Placing) into New Ordinary Shares such that, subject to the requisite approvals at the General Meeting, no Preference Shares remain on the Company's balance sheet;
- The Debt Conversion, pursuant to which the Company will convert £77,482 of outstanding debt owed to JB into Conversion Shares (at the Placing Price);
- The Debt Variation, pursuant to which (i) the term of the long-term debt held by two of the Group's major shareholders, the Debt Holders, will be extended by two years from December 2020 to December 2022, (ii) the term of the unsecured loan notes held by Herald will be extended on the same terms, (iii) all accrued but unpaid debt owing to Herald on its relevant debt instruments will roll up and compound with the respective principle on Admission (iv) £162,000 of accrued but unpaid interest owing to JBCF under the long term loan instrument will be fully paid on Admission and (v) other than as aforementioned, all other interest on the underlying debt instruments will accrue and be payable quarterly in arrears from Admission;
- The Capital Reduction, with the aim of bolstering the Company's ability to make dividend payments to Shareholders in the future; and

- Reorganising the Existing Share Capital of the Company by way of the Share Consolidation, to improve the marketability of the Ordinary Shares by way of a higher share price and to reduce volatility in the Company's share price by narrowing the spread of its bid and offer price.

Shareholders should note that, in connection with the Share Consolidation and in accordance with the Articles: (i) no Shareholder will be entitled to a fraction of a New Ordinary Share. Instead, their entitlement will be rounded down to the nearest whole number of New Ordinary Shares. Remaining fractional entitlements to New Ordinary Shares will be aggregated and sold on behalf, and for the benefit, of the Company (and Shareholders will not receive any value for the sale of those fractional entitlements); and (ii) if a Shareholder holds fewer than 500 Ordinary Shares as at the Record Date, then as a result of the Share Consolidation they will cease to hold any New Ordinary Shares (of any description) in the capital of the Company, and will therefore cease to be a Shareholder. It is anticipated that the total value of any fractional entitlements which a Shareholder loses the right to retain as part of the Share Consolidation will not total more than £5.00 (based on the Placing Price).

### **Management change and turnaround strategy**

The Company is embarking on a far-reaching transformation plan to capitalise on its market opportunity and drive growth of the business. This transition is being led by a new management team with a proven and very recent track record of transforming underperforming TV businesses into highly profitable companies, supported by a refreshed board with deep media sector expertise aligned to the needs of the Group.

The new management team, Mark Browning, CEO, and Will Sawyer, CFO, joined the Group in April 2019 and October 2018 respectively. This reunites the management team that led the turnaround of ITN Productions over the last 10 years, growing its revenues significantly, taking it from loss making to sustainably profitable, and transforming it into one of the top independent production companies in the UK.

I joined the Board as Chairman in June 2019, bringing a wealth of experience in the media and communications sectors, and with the appointment of Andrew Garard as non-executive director from ITV plc, the Group has someone who has been at the forefront of M&A activity on a global scale.

The Board believes it now has a proven team in place capable of leading the transformation of Zinc into a significant content creation company.

### **Transformation plan**

The Company's new management team believe that the key to unlocking the Group's full potential is to address the issues that prevent the Group delivering the level of margin and profitability that should be expected in a business of this scale.

Phase 1 of the plan is organic transformation. This phase will focus on diversifying revenues and moving toward a sustainably profitable business through organic growth and improved margins. Completion of Phase 1 of the plan will ready the business for Phase 2 of the transformation plan: acquisitions that can be successfully integrated and create scale, diversifying the Group's core offering and enhancing its value.

Phase 1 of the transformation plan will prioritise four areas:

#### **1. *Improvement in the gross margins of television production***

The Group's television production revenues are strong, but gross margins are below industry norms and are too low for a company of the Group's scale. There are three ways in which the Company aims to improve the television gross margins:

- a) Reduce external costs through investment in in-house post production facilities and production management staff;

- b) Improve the culture, expectation and accountability for margin management discipline; and
- c) Incentivise and reward staff responsible for margin management.

The Board anticipate that an investment of £0.6 million in post-production in the Group's London and Manchester businesses, coupled with a drive to bring more post-production in-house, has the potential to deliver cost savings of £1.8 million over three years.

## **2. Revenue growth and diversification**

### a) TV

The Group's television businesses need to diversify into new genres and amongst a wider client base. This will take investment and time but will create a better revenue and margin mix. Diversification will also smooth the Group's revenue profile and reduce its exposure to the inevitable peaks and troughs that come when a business is dependent on a low number of high value commissions from a small number of business generators.

The TV market opportunity is worth £3bn per annum, with public sector broadcasters ("PSBs") representing the majority of market spend and increasing their proportion of spend on Factual commissions; now nearly £600m. Rapid growth is also coming from multi-channel and SVOD spending, now worth approximately £1bn.

### b) Non-TV:

The Group will be re-positioning both of its non-TV businesses, Zinc Communicate Limited and Ten Alps Communications Limited, into larger, integrated and more profitable markets by redefining the product proposition and investing in new business generating personnel. Based on the new management team's experience of building non-TV content businesses, the Board is confident that these businesses can make a positive contribution to the Group and, indeed, that in the medium term they have the potential to deliver higher margin revenues than traditional TV production.

## **3. Cultural and creative renewal**

The objective is for Zinc to be a highly effective organisation balancing commercial, creative and cultural competencies. Previously there has been less focus on the commercial and cultural aspects of the Group. A number of initiatives will help to achieve this, such as creating a transparent, collaborative culture from the top, increased focus on margins and improving management information to improve decision making and promote ownership and accountability.

A key aspect underpinning cultural renewal has been to establish an incentivisation structure to reward the right behaviours and align the interests of employees and management with all stakeholders, which previously very few employees had access to. As such, many revenue generating roles and cost management roles are now part of a Group-wide bonus scheme which is geared towards rewarding margin and profitability improvements. Furthermore, the remuneration packages of the CEO and CFO are aligned to phase one of the transformation plan and measured against KPIs set out in the plan. The outline of a long-term share option incentive plan has been agreed in principle by the Board and is anticipated to be approved and formally adopted by the remuneration committee in early 2020, to reward longer term creation of Shareholder value.

## **4. Investment in operational excellence**

The Board's objective is to be a cohesive group of creative content companies built on common DNA, benefiting from a central 'core' and delivering commercial value at scale, which itself becomes a compelling factor in attracting the best talent. This will involve investment in:

- a) Group functions to provide a spine which adds value to divisional businesses by delivering operational excellence;
- b) Relocating Zinc's headquarters in London to a fit for purpose creative space; and
- c) Improving workflows and decision making, readying the business for acquisitions that can be successfully integrated to add scale in Phase 2 of the Group's transformation plan.

### **Market opportunity**

The Board believes that the Group's market opportunity is considerable and, with the benefit of the actions management have identified, Zinc should be well placed to take advantage. Revenues from UK TV production companies grew to record levels in the last 12 months, the SVOD and multi-channel commissioning market is buoyant, made outside London (where the Group has a strong platform) factual commissioning continues to grow, and the non-TV revenues of UK indies are also delivering strong growth across the sector.

International expansion, particularly within the growing SVOD market, remains a largely untapped growth area for Zinc's television business. In addition, there is further opportunity to grow revenues from international multi-channel networks and build on the recent well received productions for the likes of National Geographic.

As a leading producer in the UK nations and regions, with a growing reputation with the international multi-channels and untapped potential in non-TV content creation, the Directors believe the Group can become a vehicle for significant growth in the years ahead.

### **CURRENT TRADING AND PROSPECTS**

The Company announced its audited results for the 12 months ended 30 June 2019 on 11 November 2019, in which it reported Group adjusted EBITDA of £0.13 million on revenues of £24.63 million.

The Group's revenue continued to perform well in FY19, a year on year increase of 14 per cent., driven by growth in television where revenues were up £3.6 million (21 per cent.). Highlights of this strong revenue performance in television include:

- MoL revenues up 32 per cent. year on year, driven by Tern Television;
- International commissions at 20 per cent. of TV revenues with commissions from HBO, National Geographic and Smithsonian;
- Commissions from all UK PSB (Public Service Broadcaster) channels, including the prestigious 9pm slot on ITV and a BAFTA award winning programme for BBC 1; and
- First SVOD commission with Love Nature through the Group's specialist factual division Blakeway.

Despite this strength in revenue generation, too many divisions have struggled to deliver divisional profit. Ensuring strong revenue translates into increased margins is one of the primary objectives for the new management team. Several initiatives have been established since the year end to improve margins which are already bearing fruit. Modest increments to margin will translate into much improved long-term profitability with the correlating benefits to cashflow.

One of the highlights of the year was the strong performance of the Group's most recent acquisition, Tern Television, driven by a combination of returning series and a high volume of single commissions. With offices in Glasgow, Belfast and Aberdeen, Tern Television is well placed to continue capitalising on the trend for MoL commissions.

FY20 will be a transitional year for the Group as it addresses the profitability challenge it faces. The Board is confident it has good visibility of the issues within the Group and know where improvements need to be made. We will focus on diversifying and growing our revenue within TV and non-TV, improving margins and building cultural and operational excellence. The medium-term prospects for sustained profitability look very positive.

## THE PLACING

The Company has conditionally raised £3.2 million (net of fees and expenses) through the conditional allotment of the Placing Shares at the Placing Price, which represents a discount of 23.40 per cent. to the closing middle market price, as adjusted for the Share Consolidation, of 117.5 pence per Ordinary Share on 16 January 2020, being the latest Business Day prior to the announcement of the Placing. The Placing Shares will represent 49.17 per cent. of the Enlarged Share Capital immediately following Admission.

The Company's announcement on 17 January 2020 also confirmed that Herald and the John Booth Parties had conditionally agreed to subscribe for 1,229,465 and 129,861 Placing Shares, respectively, at the Placing Price. The Placing is conditional on, *inter alia*, the passing of the Whitewash Resolution. Subject to completion of the Placing, the Preference Share Conversion and the Debt Conversion, the Concert Party, who currently hold, in aggregate, 38.04 per cent of the voting rights of the Company, will increase their aggregate holding of voting rights of the Company to 44.68 per cent. which, without a waiver of the obligations under Rule 9 of the Code, would require the Concert Party to make a general offer for the Company. The Panel have agreed to the Waiver subject to the passing of the Whitewash Resolution (on a poll) by Independent Shareholders, such that any Shareholder presumed to be acting in concert with the Concert Party will be disenfranchised from voting.

The Placing Shares and Conversion Shares (other than those which are Deferred Shares) will rank *pari passu* in all respects with Ordinary Shares in issue prior to completion of the Placing, the Preference Share Conversion and the Debt Conversion, including the right to receive all dividends and other distributions declared following Admission.

The Code applies to the Company and as such the Shareholders are entitled to the protections afforded by the Code, as described in the section entitled 'City Code on Takeovers and Mergers' below. Should the approval of Independent Shareholders not be obtained at the General Meeting, notice of which is set out at the end of this Circular, the Placing will not proceed.

### The Placing Agreement

Pursuant to the terms of the Placing Agreement, the Joint Brokers have conditionally agreed to use their respective reasonable endeavours, as agents for the Company, to place the Placing Shares with certain institutional and other investors. The Placing has not been underwritten. The Placing Agreement is conditional upon the conditions therein including, *inter alia*, the Resolutions being duly passed without amendment at the General Meeting and Admission becoming effective on or before 8.00 a.m. on 13 February 2020 (or such later time and/or date as the Company, N+1 Singer and Peterhouse may agree, but in any event by no later than 8.00 a.m. on 2 March 2020).

The Placing Agreement contains warranties from the Company in favour of the Joint Brokers and the Company has agreed to indemnify the Joint Brokers in relation to certain liabilities it may incur in respect of the Placing. The Joint Brokers have the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event that any of the warranties given to the Joint Brokers in the Placing Agreement are untrue or inaccurate in any material respect or the failure of the Company to comply in any material respect with its obligations under the Placing Agreement.

## USE OF PROCEEDS

The net proceeds of the Placing receivable by the Company, amounting to approximately £3.2 million, will be used to support:

### **Objective 1: Improvements to London and Manchester TV gross margin:**

Investment in post-production editing kit to capitalise on the Group's economies of scale and enhance television gross margins £0.8m

### **Objective 2: Revenue diversification:**

Investment in business development staff in TV and non-TV £0.9m

### **Objective 3: Culture & creative:**

Driven by investments in operational excellence and new management initiatives £nil

### **Objective 4: Investment in operational excellence:**

Relocation of the Group's headquarters in London and investment in technology, human resources and finance personnel £0.8m

General working capital and servicing of debt £0.7m

The expected use of the net proceeds represents the Directors' current intentions based on the Group's present plans and business condition. The Directors will retain broad discretion in the allocation and use of the net proceeds.

## PREFERENCE SHARE CONVERSION

The Company currently has £767,354 of Preference Shares in issue, which carry an annual coupon of 4.5 per cent. per annum. As at 15 January 2020 (being the latest practicable Business Day prior to the announcement of the Placing) there are unpaid dividends accrued on the Preference Shares totalling £92,554. The Preference Shares are held entirely by Herald and, pursuant to the provisions of the Articles, can currently be converted (together with all accrued and unpaid dividends thereon) at 2.5 pence per Ordinary Share at the holder's option.

In connection with the Proposals, the Company and Herald have agreed to convert the remaining balance of principal of the Preference Shares and all accrued and unpaid dividends at the Placing Price, resulting in the conditional issue of 955,454 New Ordinary Shares.

In order to achieve the Preference Share Conversion, it is proposed that the Company undertake the Subdivision and Redesignation and the Preference Dividend Share Issue. Specifically, it is proposed that:

- (i) the Preference Shares be subdivided and redesignated into a certain number of New Ordinary Shares and a certain number of Deferred Shares (creating the Redesignated Shares);
- (ii) the Company issue the Preference Dividend Shares, at the Placing Price, to Herald, in consideration of Herald releasing the Company's liability to pay the accumulated unpaid dividend on the Preference Shares totalling £92,554; and
- (iii) the Deferred Shares created on the Subdivision and Redesignation subsequently be cancelled as part of the Capital Reduction.

The combination of the above steps will result in the conversion of the entire outstanding balance of Preference Shares, and all accrued and unpaid dividends on the Preference Shares, into Ordinary Shares, at an effective conversion price equal to the Placing Price.

The Directors believe the Preference Share Conversion to be in the best interests of the Independent Shareholders, as it serves to simplify the Group's capital structure and balance sheet, thus making it more attractive to potential investors.

## **DEBT CONVERSION**

The Company currently has outstanding debt owing to JB (not including, for the avoidance of doubt, debt owing to JBCF) totalling £77,482 (inclusive of all principle and interest as at 15 January 2020 (being the latest practicable Business Day prior to announcement of the Placing)). In connection with the Proposals, the Company and JB have agreed to convert that debt amount at the Placing Price, into Conversion Shares, resulting in the conditional issue of 86,092 New Ordinary Shares, which shall be in full satisfaction of the Company's obligations to repay such amount.

The Directors believe the Debt Conversion to be in the best interests of the Independent Shareholders, as it serves to simplify the Group's capital structure and balance sheet, thus making it more attractive to potential investors.

## **DEBT VARIATION**

The Company currently has approximately £2.74 million of long-term loans outstanding held by the Debt Holders who are also Shareholders. The interest rate on these loans is 4 per cent. plus monthly LIBOR, with a repayment date of 31 December 2020. Furthermore, Herald hold unsecured loan notes with a value of approximately £1.03 million (including principal and accrued interest). Interest charged on the loan notes at a fixed rate of 8 per cent. and the loan notes have a repayment date of 31 December 2020.

The Company has negotiated the Debt Variation with the Debt Holders pursuant to which (i) the repayment date of the long term loans and the unsecured loan notes will be extended by two years from December 2020 to December 2022, (ii) all accrued but unpaid debt owing to Herald on the relevant debt instruments will roll up and compound with the respective principle on Admission and (iii) £162,000 of accrued but unpaid interest owing to JBCF under the long term loan instrument will be fully paid on Admission and (iv) other than as aforementioned, all other interest on the underlying debt instruments will accrue and be payable quarterly in arrears from Admission. All other terms shall remain the same, including the interest rates applied to the long-term debt and the unsecured loan notes.

## **THE SHARE CONSOLIDATION**

Prior to announcement of the Placing, the Company had 1,489,573,609 Ordinary Shares in issue, with a closing mid-market price of 0.235 pence per Ordinary Share (as at 16 January 2020, being the Business Day prior to the announcement of the Placing). The Board believes that the Share Consolidation will improve the marketability of the Ordinary Shares by way of a higher share price and hopes to reduce volatility in the Company's share price by narrowing the spread of its bid and offer price.

It is therefore proposed, pursuant to the Share Consolidation, that the Existing Ordinary Shares are consolidated on a 500 for 1 basis, such that every 500 Ordinary Shares are consolidated into one New Ordinary Share of 0.125 pence in nominal value. Assuming a share capital of 1,489,573,609 Ordinary Shares immediately prior to the Record Date; immediately following completion of the Share Consolidation but prior to the issue of the Placing Shares and the Conversion Shares, the Company will have 2,979,147 New Ordinary Shares in issue.

No Shareholder will be entitled to a fraction of a New Ordinary Share. Instead, their entitlement will be rounded down to the nearest whole number of New Ordinary Shares. Remaining fractional entitlements to New Ordinary Shares will be aggregated and sold on behalf, and for the benefit, of the Company (and Shareholders will not receive any value for the sale of those fractional entitlements). If a Shareholder holds fewer than 500 Ordinary Shares as at the Record Date, such that the rounding down process results in a Shareholder being entitled to zero New Ordinary Shares, then as a result of the Share Consolidation they will cease to hold any Ordinary Shares (of any description) in the capital of the Company, and will therefore cease to be a Shareholder. It is anticipated that the total value of any fractional entitlements which a Shareholder loses the right to retain as part of the Share Consolidation will not total more than £5.00 (based on the Placing Price).

The New Ordinary Shares will have the same rights as the Ordinary Shares, including voting, dividend and other rights. The entitlement of any holders of securities or instruments convertible into Shares (such as options and warrants) shall be adjusted in accordance with the terms of such securities or instruments following implementation of the Share Consolidation.

## **CAPITAL REDUCTION**

### ***Background and reasons for the Capital Reduction***

As at the date of this Circular, the Company has negative distributable reserves and is, therefore, prohibited under the Companies Act 2006 from making distributions to its Shareholders, including the payment of dividends.

As at 30 November 2019 the Company had accumulated losses amounting to £36.3 million. As at the same date the Company had £30.6 million standing to the credit of its share premium account, and £0.9 million standing to the credit of its merger reserve. It also has in issue the Deferred Shares and the D Deferred Shares which, as a result of the rights attaching to those shares, effectively have no economic value. The Board does not consider there to be any commercial purpose in the Deferred Shares and the D Deferred Shares.

The Company is seeking the approval of Shareholders to the Capital Reduction, which will cancel the entire balance standing to the credit of the Company's share premium account, and through the issue of the Capital Reduction Shares and their subsequent cancellation, an amount equal to the Company's merger reserve. The Company's share capital will also be further reduced by the cancellation of the Deferred Shares and the D Deferred Shares for no consideration. Pursuant to article 5.1.6 of the Articles, the cancellation of the Deferred Shares and the D Deferred Shares pursuant to a Capital Reduction for no consideration will not constitute a variation of the rights attaching to the Deferred Shares or the D Deferred Shares. Consequently, the Capital Reduction can be approved without the approval of the holders of the Deferred Shares or D Deferred Shares.

The Capital Reduction will create realised profits that should be sufficient to eliminate the current deficit on the Company's retained loss account. As a result, any positive distributable reserves generated by the Company after the date on which the Capital Reduction takes effect should be available for the Board to use in offsetting future losses or for the purposes of paying dividends in the future, subject to the continuing satisfactory financial performance of the Group. However, in seeking approval of the Capital Reduction, the Board are not indicating any commitment to make any distributions at this time. Furthermore, the Capital Reduction itself will not involve any distribution or repayment of capital or share premium by the Company to its Shareholders, and it will not reduce the underlying net assets of the Company. Following the implementation of the Capital Reduction, there will be no change to the number of New Ordinary Shares in issue.

The Directors believe the Capital Reduction to be in the best interests of the Shareholders, as it serves to put the Company in a better position to pay dividends in the future. As with the Share Consolidation, it also serves to simplify the Group's capital structure and balance sheet, thus making it more attractive to potential investors.

If approved by Shareholders, the Capital Reduction will require subsequent approval by the Court.

### ***The Capital Reduction and the Court process***

In order to eliminate the accumulated losses on the Company's profit and loss account, it is proposed that:

- (i) the amount standing to the credit of the Company's merger reserve in the sum of £0.9 million is capitalised by way of a bonus issue of newly created Capital Reduction Shares;
- (ii) the newly created Capital Reduction Shares are cancelled;

- (iii) the entire amount standing to the credit of the Company's share premium account and assuming completion of the Placing, Debt Conversion and Preference Share Conversion is cancelled; and
- (iv) the Deferred Shares (including the Deferred Shares created as a result of the Preference Share Conversion) and the D Deferred Shares are cancelled for no consideration.

The cancellations, if approved by Court, should create realised profits sufficient to eliminate the accumulated losses of the Company and establish positive distributable reserves. If the requisite Shareholder approval is obtained for the Capital Reduction, the Company will seek confirmation and approval of the Capital Reduction by the Court. In order to provide the confirmation, the Court must be satisfied that the creditors of the Company whose debts are outstanding on the effective date of the Capital Reduction are not prejudiced by the Capital Reduction and that there is no real likelihood that the Capital Reduction would result in the Company being unable to discharge its debts or claims as and when they fall due.

The Company will therefore be required to give such undertakings or other form of creditor protection as the Court may require for the benefit of these creditors. These may include seeking the consent of the Company's significant creditors to the Capital Reduction. The Company currently has outstanding long-term debt owing to the Debt Holders, as well as other customary trade payables.

It is anticipated that the first orders hearing in relation to the Capital Reduction will take place on or around 18 February 2020, with the final Court Hearing taking place on or around 17 March 2020. In order for the Capital Reduction to become effective, the order of the Court confirming it, under section 648 of the Companies Act 2006, must be registered with the Registrar of Companies, which is expected to be completed within two days of the Court Hearing. The Capital Reduction is therefore expected to become effective on or around 19 March 2020.

The Board reserves the right to abandon or to discontinue (in whole or in part) the application to the Court for the Capital Reduction in the event that the Board considers that the terms on which the proposed Capital Reduction would be (or would be likely to be) confirmed by the Court would not be in the best interests of the Company and/or the Shareholders as a whole. The Board have undertaken a thorough and extensive review of the Company's liabilities (including contingent liabilities) and considers that the Company will be able to satisfy the Court that, as at the date on which the court order relating to the proposed Capital Reduction and the statement of capital in respect of the proposed Capital Reduction have both been registered by the Registrar of Companies at Companies House and the proposed Capital Reduction therefore becomes effective, the Company's significant creditors will either have consented to the proposed Capital Reduction or be sufficiently protected.

### ***The Capital Reduction Bonus Issue and the rights of the Capital Reduction Shares***

It is proposed to capitalise the sum of £0.9 million standing to the credit of the Company's merger reserve by applying that sum in paying up in full new Capital Reduction Shares prior to the Court Hearing (such capitalisation to take effect at the Capital Reduction Record Time), and allotting and issuing such Capital Reduction Shares by way of a bonus issue to the persons at that point holding New Ordinary Shares on the basis of one Capital Reduction Share for every one New Ordinary Share held at the Capital Reduction Record Time. The Capital Reduction Shares will not be admitted to trading on AIM or any other market. No share certificates will be issued in respect of the Capital Reduction Shares. The Capital Reduction Shares will carry no rights to vote, no rights to participate in the profits of the Company and no rights to participate in the Company's assets, save on a winding-up. The Capital Reduction Shares will be transferable, but no market will exist in them and it is anticipated that the Court will confirm their cancellation at the Court Hearing on the day immediately after the date on which they have been issued. The capitalisation of the merger reserve is needed as an additional step since the Court only has the power to reduce share capital and other statutory reserves, including the share premium. Hence, in order to utilise the merger reserve in the Capital Reduction, it is necessary to convert the reserves into share capital (the Capital Reduction Shares) and thereafter to cancel the Capital Reduction Shares.

## ARTICLE AMENDMENTS

The Board is proposing that its Articles be amended and replaced to reflect the following necessary changes arising as a result of the Share Consolidation and Preference Share Conversion.

- (a) amending the nominal value of the Ordinary Shares from 0.00025 pence to 0.125 pence, to take into account the Share Consolidation; and
- (b) the removal of all references to Preference Shares (which will no longer exist following the Preference Share Conversion).

A copy of the proposed new articles (and a comparison showing all changes) will be made available at the General Meeting and is not attached to the Resolutions. Shareholder approval is being sought at the General Meeting to approve these changes.

## RELATED PARTY TRANSACTIONS

Participation by HIML in the Placing, the Preference Share Conversion and the Debt Variation constitute related party transactions for the purposes of Rule 13 of the AIM Rules.

Furthermore, the following Directors of the Company have agreed to participate in the Placing at the Placing Price (the participation also constitutes related party transactions for the purposes of Rule 13 of the AIM Rules):

	As at the date of this Circular		Immediately following Admission	
	No. of Ordinary Shares held	Percentage of Existing Share Capital	No. of New Ordinary Shares held	Percentage of Enlarged Share Capital
Mark Browning	Nil	Nil	33,333	0.42
Andrew Garard	Nil	Nil	33,333	0.42
Christopher Satterthwaite	Nil	Nil	22,222	0.28
Will Sawyer	1,314,474	0.09	4,852	0.06

The Directors (not including Mark Browning, Andrew Garard, Christopher Satterthwaite and Will Sawyer in respect of their participation in the Placing only) consider, having consulted with the Company's nominated adviser, N+1 Singer, that the terms of the Placing, the Preference Share Conversion, the Debt Conversion and the Debt Variation are fair and reasonable insofar as the Shareholders (or the Independent Shareholders, as the case may be) are concerned.

## CITY CODE ON TAKEOVERS AND MERGERS

The Placing, Preference Share Conversion and Debt Conversion gives rise to certain considerations under the Code. Brief details of the Code and the protection this affords Shareholders are described below.

The Code is issued and administered by the Panel. The Code and the Panel operate to ensure fair and equal treatment of shareholders in relation to takeovers, and also provide an orderly framework within which takeovers are conducted. The Code applies to all takeovers and merger transactions, where the company is, among others, a listed or unlisted public company with its registered office in the United Kingdom, the Channel Islands or the Isle of Man or falls within certain categories of private limited companies. Zinc is such a company and accordingly its Shareholders are entitled to protection afforded by the Code.

Under Rule 9 of the Code, when a person acquires an interest in shares which, taken together with shares in which he and persons acting in concert with him are interested in, carry 30 per cent. or more of the voting rights of a company subject to the Code, or any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of the voting rights of the company subject to the Code, and such person, or any persons acting in concert with

him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, then in either case, that person together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him, or any persons acting in concert with him, for shares in that company or an interest in shares in that company within the preceding 12 months, for all the remaining equity share capital of that company.

Under the Code, a 'concert party' arises, *inter alia*, when persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate, to obtain or consolidate control of that company.

Under the Code, control means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control. In this context, voting rights means all the voting rights attributable to the capital of the company which are currently exercisable at a general meeting.

The Panel has determined that Herald and John Booth Parties are acting 'in concert'.

Under Note 1 on the Notes on the Dispensations from Rule 9, the Panel will normally waive the requirement for a Rule 9 Offer if, *inter alia*, those shareholders of the Company who are independent of the person who would otherwise be required to make an offer pass an ordinary resolution on a poll at a general meeting approving such a waiver.

The Panel has agreed, subject to approval by Independent Shareholders (being Shareholders other than members of the Concert Party) on a poll of the Whitewash Resolution, to waive the requirement for Herald and the other members of the Concert Party to make a Rule 9 Offer to all Shareholders where such an obligation would otherwise arise as a result of the Placing, the Preference Share Conversion and the Debt Conversion. The Whitewash Resolution will be passed if approved by a simple majority of votes cast by the Independent Shareholders on a poll.

**You should note that if the Placing, the Preference Share Conversion and the Debt Conversion complete, the Concert Party will increase its aggregate holding of voting rights to 44.68 per cent. and will hold New Ordinary Shares that carry more than 30 per cent. of such voting rights but less than 50 per cent. of such voting rights.**

**Therefore, the Concert Party will not be entitled to increase its interest in the voting rights of the Company without incurring a further obligation under Rule 9 of the Code to make a general offer (unless a dispensation from this requirement has been obtained from the Panel in advance). In the event that the Whitewash Resolution is approved at the General Meeting, the Concert Party, or individual members thereof, will not be restricted from making an offer for the Company.**

Independent Shareholders should also note that, if the Placing, the Preference Share Conversion and the Debt Conversion proceed, the Concert Party's interest in the voting rights of the Company combined will result in an increase in the percentage of the New Ordinary Shares that are not in public hands (as defined in the AIM Rules). This may in turn have the effect of reducing the liquidity of trading in the New Ordinary Shares on AIM. The Concert Party's stake in the voting rights of the Company will also mean that the Concert Party will be able, if it so wishes, to exert significant influence over resolutions proposed at future general meetings of the Company.

The Board believe that it is in the best interests of the Company that the Whitewash Resolution be passed.

#### **INFORMATION ON THE CONCERT PARTY**

Herald and HIML are deemed to be acting in concert (as defined in, and for the purposes of, the Code) by reason of the investments of Herald, including its holding in the Company, being managed since its inception by HIML. Directors and key employees of Herald and HIML are also deemed to be acting in

concert with them. JB, a director of HIML, holds Ordinary Shares in his own name via his charitable foundation, JBCF. Accordingly, the John Booth Parties are identified as members of the Concert Party.

HIML is a fund management company with, as at 31 December 2018, over £900 million under management, specialising in achieving capital growth through investing in smaller quoted companies in the areas of technology, media and telecoms. Investments are made on a longer term, global basis, using fundamental analysis. The fund management team at HIML has significant experience in its sectors of expertise. The directors of HIML are Andrew Miller, JB, Vanessa Donegan, Jean Kemmis Matterson and Katie Potts. Further information on HIML can be found at its website, <https://www.heralduk.com/>.

The JBCF is a foundation established for the purpose of supporting charities and is funded and managed by JB. Information on the members of the Concert Party is set out in Part IV of this Circular.

## **INDEPENDENT ADVICE**

The Code requires the Board to obtain competent independent advice regarding the merits of the transaction which is the subject of the Whitewash Resolution, the controlling position which it will create, and the effect which it will have on Shareholders generally.

Peterhouse, the Company's Joint Broker and independent adviser for the purposes of the Code, has provided formal advice to the Board regarding the Placing, the Preference Share Conversion and the Debt Conversion. In providing such advice, Peterhouse has taken into account the Directors' commercial assessments.

## **GENERAL MEETING**

The Board is seeking approval of Independent Shareholders in relation to the Whitewash Resolution and Shareholder approval more generally of the Resolutions.

Set out at the end of this Circular is a notice convening the General Meeting which is to be held at the offices of N+1 Singer, 1 Bartholomew Lane, London EC2N 2AX at 10.00 a.m. on 12 February 2020, at which the Resolutions, including the Whitewash Resolution, will be proposed.

Please note that the summary and explanation set out below is not the full text of the Whitewash Resolution and Shareholders should read the full text of the Whitewash Resolution as set out in the Notice of General Meeting.

At the General Meeting, the following resolutions will be proposed:

### **1 Whitewash**

The first resolution is the Whitewash Resolution, being an ordinary resolution (to be taken on a poll of the Independent Shareholders voting in person and by proxy) to seek the approval of the Independent Shareholders to waive the obligation on the Concert Party to make a general offer to the remaining Shareholders to acquire their Ordinary Shares which would otherwise arise under Rule 9 as a result of the Placing, Preference Share Conversion and Debt Conversion. As such, members of the Concert Party who are also Shareholders are precluded from voting on the Whitewash Resolution;

### **2 Share Consolidation**

The second resolution is an ordinary resolution to seek the approval of the Shareholders to the Share Consolidation (and providing that where such consolidation results in any member being entitled to a fraction of a New Ordinary Share, such fraction shall be aggregated and the directors of the Company are authorised to sell (or appoint another person to sell) such fraction on behalf of the relevant member where the net proceeds of such sale will be retained for the benefit of the Company);

### **3 Authorities to Allot**

3.1 The third resolution is an ordinary resolution to grant a new authority and power to the Directors to permit them to allot:

- 3.1.1. the Placing Shares, as described in this Circular;
- 3.1.2. the Preference Dividend Shares arising as a result of the Preference Share Conversion, as described in this Circular; and
- 3.1.3. the Conversion Shares arising as a result of the Debt Conversion, as described in this Circular;

in each case in addition to all previous authorities to allot which are otherwise unused.

### **4 Subdivision and Redesignation**

The fourth resolution is a special resolution to seek the approval of the Shareholders to the subdivision and redesignation of the Preference Shares into 852,615 New Ordinary Shares and 332,049 Deferred Shares as part of the Preference Share Conversion;

### **5 Disapplication of Pre-Emption Rights**

5.1 The fifth resolution, which is a special resolution, is to grant the Directors the authority to allot:

- 5.1.1 the Placing Shares on a non-pre-emptive basis;
- 5.1.2 the Preference Dividend Shares arising as a result of the Preference Share Conversion on a non-pre-emptive basis; and
- 5.1.3 the Conversion Shares arising as a result of the Debt Conversion on a non-pre-emptive basis.

### **6 Article Amendments**

6.1 The sixth resolution, which is a special resolution, is to seek the approval of the Shareholders to adopt the articles of association of the Company in the form to be provided at the General Meeting. The Article Amendments reflect the following necessary changes arising as a result of the Share Consolidation and Preference Share Conversion;

- 6.1.1. amending the nominal value of the Ordinary Shares from 0.00025 pence to 0.125 pence, to take into account the Share Consolidation; and
- 6.1.2. to remove all references to Preference Shares (which will no longer exist following the Preference Share Conversion).

A copy of the proposed new articles (and a comparison showing all changes) will be made available at the General Meeting and is not attached to the Resolutions.

### **7 Capital Reduction**

7.1 The seventh resolution, which is a special resolution, is to seek approval of the Shareholders to the Capital Reduction and for the directors of the Company to be authorised to take all steps necessary to cancel the Capital Reduction Shares.

## SETTLEMENT AND DEALINGS

Application will be made to the London Stock Exchange for the Placing Shares and the Conversion Shares to be admitted to trading on AIM. It is expected that Admission will become effective at 8.00 a.m. on 13 February 2020. Following completion of the Share Consolidation, the Company's New Ordinary Shares will continue to be eligible for CREST settlement but will trade under a new ISIN, GB00BJVLR251.

The Placing Shares and Conversion Shares (other than those which are Deferred Shares), when issued, will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions following Admission.

## ACTIONS TO BE TAKEN

**Shareholders will not receive a form of proxy for the General Meeting, instead you will find instructions in the section entitled "Notes" in the Notice of General Meeting to enable you to vote electronically and how to register to do so. To register, you will need your Investor Code, which can be found on your share certificate. Submission of a proxy vote will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof. Shareholders may request a paper form of proxy from our Registrar, Link Asset Services if they do not have access to the internet. Proxy votes should be submitted as early as possible and in any event by no later than 10.00 a.m. on 10 February 2020 (or, in the case of an adjournment, no later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting).**

**If you hold your shares in the Company in uncertificated form (that is, in CREST) you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting set out at the end of this Circular). Proxies submitted via CREST must be received by the Company's agent, Link Asset Services (whose CREST ID is RA10) by no later than 10.00 a.m. on 10 February 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).**

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting in the event of your absence.

The submission of an online proxy vote or the use of the CREST Proxy Voting service will not prevent you from attending and voting at the General Meeting, or any adjournment thereof, in person should you wish to do so.

## DOCUMENTS AVAILABLE ON THE COMPANY'S WEBSITE

Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours on any Business Day up to and including 12 February 2020 and at the General Meeting to be held on that day, and also on the Company's website at: [www.zincmedia.com](http://www.zincmedia.com);

- a) the memorandum and articles of incorporation of the Company;
- b) the audited accounts of the Company for the 12 months ended 30 June 2019 and 30 June 2018;
- c) the audited accounts of Herald for the 12 months ended 31 December 2018;
- d) the unaudited interims of Herald for each of the 6 months ended 30 June 2019 and 30 June 2018;
- e) the consent letter from N+1 Singer;
- f) the consent letter from Peterhouse; and
- g) this Circular.

**RECOMMENDATION**

The Directors, who have been so advised by Peterhouse, consider the Proposals to be fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole.

The Directors recommend that Independent Shareholders vote in favour of the Whitewash Resolution, and that all Shareholders vote in favour of the other Resolutions, as the Directors intend to do in respect of their respective shareholdings, amounting to 4,092,254 Ordinary Shares in aggregate, equivalent to 0.27 per cent. of the Existing Share Capital.

Yours sincerely

**Christopher Satterthwaite**

*Chairman*

## PART II

### FINANCIAL INFORMATION ON THE COMPANY

As required under the rules of the Code, the information listed below relating to the Company is hereby incorporated by reference into this Circular in accordance with Rule 24.15 of the Code and are available free of charge on the Company's website at [www.zincmedia.com](http://www.zincmedia.com) and are also available for inspection as set out in paragraph 9 of Part IV of this Circular.

<b>No.</b>	<b>Information</b>	<b>Source of Information</b>
1.	The audited report of the Company for the financial year ended 30 June 2019	<a href="https://www.zincmedia.com/wp-content/uploads/2019/11/Zinc-Media-AR2019-CL_final-1.pdf">https://www.zincmedia.com/wp-content/uploads/2019/11/Zinc-Media-AR2019-CL_final-1.pdf</a>
2.	The audited report of the Company for the financial year ended 30 June 2018	<a href="https://www.zincmedia.com/wp-content/uploads/2018/11/Zinc-Media-AR2018.pdf">https://www.zincmedia.com/wp-content/uploads/2018/11/Zinc-Media-AR2018.pdf</a>

If you are reading this Circular in hard copy, please enter the above web addresses in your web browser to be brought to the relevant document. If you are reading this Circular in soft copy, please click on the web address above to be brought to the relevant document.

Any Shareholder, person with information rights or other person to whom this Circular is sent may request in writing or verbally a hard copy of each of the documents above incorporated by reference in this Circular. Hard copies will only be sent where valid requests are received from such persons. Requests for copies of any such documents should be directed to the Registrar, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham Kent, BR3 4TU or by telephoning the Link 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 a.m. – 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## PART III

### FINANCIAL INFORMATION ON HERALD

As required under the rules of the Code, the information listed below relating to Herald (a member of the Concert Party) is hereby incorporated by reference into this Circular in accordance with Rule 24.15 of the Code and are available free of charge on the Company's website at [www.zincmedia.com](http://www.zincmedia.com) and are also available for inspection as set out in paragraph 9 of Part IV of this Circular.

<b>No.</b>	<b>Information</b>	<b>Source of Information</b>
1.	Unaudited interims of Herald for the six months ended 30 June 2019	<a href="https://www.heralduk.com/downloads/">https://www.heralduk.com/downloads/</a>
2.	Audited accounts and financial statements for Herald in respect of the year ended 31 December 2018	<a href="https://www.heralduk.com/downloads/">https://www.heralduk.com/downloads/</a>
3.	Unaudited interims of Herald for each of the 6 months ended 30 June 2018	<a href="https://www.heralduk.com/downloads/">https://www.heralduk.com/downloads/</a>

If you are reading this Circular in hard copy, please enter the above web addresses in your web browser to be brought to the relevant document. If you are reading this Circular in soft copy, please click on the web address above to be brought to the relevant document.

Copies of the above accounts are available from the registered office of Herald. Any Shareholder, person with information rights or other person to whom this Circular is sent may request in writing or verbally a hard copy of each of the documents above incorporated by reference in this Circular. Hard copies will only be sent where valid requests are received from such persons. Requests for copies of any such documents should be directed to the Registrar, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham Kent, BR3 4TU or by telephoning Link 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 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## **PART IV**

### **ADDITIONAL INFORMATION**

#### **1. RESPONSIBILITY**

- 1.1. The Directors each accept responsibility for the information contained in this Circular (including any expressions of opinion), save for information relating to the Concert Party for which the directors of Herald accept responsibility as set out below). To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2. The directors of HIML, both collectively and individually, accept responsibility for the information contained in this Circular relating to the members of the Concert Party. To the best of the knowledge and belief of the directors of HIML (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular for which they are responsible is in accordance with the facts and does not omit anything likely to affect the information of such information.

#### **2. INFORMATION ON THE COMPANY**

- 2.1. Zinc is a public limited company quoted on the AIM segment of the LSE and is a producer of high-quality television and multimedia communications content. The Company was incorporated in Scotland on 9 June 1981 with company number SC075133 and has its registered office at 7 Exchange Crescent, Conference Square, Edinburgh EH3 8AN.
- 2.2. The Directors of the Company as at the date of this Circular are Christopher James Satterthwaite, Mark David Browning, Will Sawyer, Nicholas James Taylor and Andrew Sheldon Garard
- 2.3. As at close of business on the disclosure date, the Company had 1,489,573,609 Ordinary Shares of 0.00025 pence each in issue.

#### **3. INFORMATION ON THE CONCERT PARTY**

- 3.1. Herald, which is a public limited company listed on the Official List and traded on the premium segment of the main market of the LSE, was incorporated in England & Wales on 10 December 1993 with company number 02879728 and with its registered office being at 10-11 Charterhouse Square, London, EC1M 6EE. Herald is an investment trust seeking to achieve capital appreciation through investments in smaller quoted companies in the areas of technology, communications and multi-media which is managed by HIML, which has funds under management of £1.082 billion.
- 3.2. Herald's directors as at the date of this Circular are Thomas Joseph Black, Stephanie Mary Eastment, Henrietta Elizabeth Marsh, Ian Simon Macgregor Russell, Karl Stephen Sternberg and James Robert Will.
- 3.3. JBCF is a registered charity and a company limited by guarantee. Its charity registered number is 1127397 and its company number is 06782980. The primary objective of the JBCF is the promotion of any charitable purpose or object for the benefit of the public, primarily in England, by the provision of grants at the absolute discretion of the trustees. The trustees of the JBCF, who are also directors for the purpose of company law, are JB, Timothy Mark Ashley and The Right Reverend Martin Clive Warner.
- 3.4. In addition to its holding of Ordinary Shares and Preference Shares, set out in sections 4.5 to 4.7 (inclusive) below, Herald also hold unsecured loan notes in the Company with an aggregate principal value of £750,000 with a fixed interest rate of 8 per cent. per annum. Interest is accrued

and is repayable along with the principle on 31 December 2020. There are no financial covenants in place in respect of this debt. The loan notes are not convertible into Ordinary Shares or any other class of share in the Company and are not secured on any assets of the Company by way of fixed or floating charges.

- 3.5. Herald's participation in the Placing is being funded from the cash resources available to it. Such participation will not have a material effect on the earnings, assets or liabilities of Herald.
- 3.6. Participation by the John Booth Parties in the Placing is being funded from available cash resources. Such participation will not have a material effect on the earnings, assets or liabilities of the respective John Booth Parties.

#### **4. INTERESTS AND DEALINGS**

- 4.1. For the purposes of this paragraph 4 of Part IV:
  - 4.1.1. arrangement includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement do deal or refrain from dealing;
  - 4.1.2. connected persons means, in relation to a director, those persons whose interests in shares the director would be required to disclose pursuant to Part 22 of the Companies Act 2006 and related regulations and includes any spouse, civil partner, infants (including step children), relevant trusts and any company in which a director holds at least one third of its voting share capital or which is accustomed to act in accordance with the directions or instructions of that director;
  - 4.1.3. dealings, dealt and deal includes the following:
  - 4.1.4. the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
    - a) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) of any rights under, or variation of, an option (including a traded option contract) in respect of any securities;
    - b) subscribing or agreeing to subscribe for securities;
    - c) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or Placing rights;
    - d) the acquisition, disposal, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
    - e) entering into, terminating or varying the terms of any agreement to purchase or sell securities;
    - f) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position; and
    - g) the redemption or purchase of, or taking or exercising an option over, any of its own relevant securities by the Company;
  - 4.1.5. derivative includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

- 4.1.6. disclosure date means close of business on 23 January 2020, being the latest practicable date prior to the publication of this Circular;
- 4.1.7. disclosure period means the period commencing on 23 January 2019 (being the date twelve months prior to the disclosure date) and ending on 23 January 2020 (being the latest practicable date prior to the publication of this Circular);
- 4.1.8. financial collateral arrangements are arrangements during the offer period whereby either the Company or Magister or any person acting in concert with either of them, enters into, or takes action to unwind, a security financial collateral arrangement which provides a right for the collateral-taker to use and dispose of relevant securities of the Company as if it were the owner of those relevant securities (a "right of use"), or enters into, or takes action to unwind, a title transfer collateral arrangement in respect of relevant securities of the Company;
- 4.1.9. interested means where a person has long economic exposure, whether absolute or conditional, to changes in the price of securities, and in those circumstances that person will be treated as interested in those securities. A person who only has a short position in securities will not be treated as interested in those securities. In particular, a person will be treated as having an interest in securities if
- a) he owns them;
  - b) he has the right (whether conditional or absolute) to exercise or direct the exercise of voting;
  - c) he has the rights attaching to them or has general control of them;
  - d) by virtue of any agreement to purchase an option or derivative, he:
    - (i) has the right or option to acquire them or call for their delivery; or
    - (ii) is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
  - e) he is a party to any derivative:
    - (i) whose value is referenced to their price; and
    - (ii) which results, or may result, in his having a long position in them;
- 4.1.10. long position means, in relation to a person's position in respect of a security, that he: (a) will benefit economically if the price of that security goes up; (b) will suffer economically if the price of that security goes down; (c) has the right or option to acquire it or to put it on to another person; or (d) is under an obligation to take delivery of it;
- 4.1.11. person means an individual, firm, partnership, association, joint venture, company, government, state or agency of a state, local or municipal authority or government body (whether or not having separate legal personality);

persons acting in concert means any person whose interests the Company would be required to disclose pursuant to the Code. This would include:

- a) the Company's parent company, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);

- b) the Company's directors, their close relatives and related trusts;
- c) a pension fund of:
  - (i) the Company; or
  - (ii) any company falling into paragraph a) of this definition (unless such fund is managed under an agreement or arrangement with an independent third party which gives such third party an absolute discretion regarding dealing, voting and offer acceptance decisions);
- d) a fund manager (including an exempt fund manager) with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of the relevant investment accounts;
- e) a connected adviser to the Company;
- f) any person controlling, controlled by or under the same control as any connected adviser falling within paragraph e) above (except an exempt fund manager or an exempt principal trader); and
- g) any person who has an arrangement of the kind referred to in Note 6 on Rule 8 of the Code with the Company or with any person acting in concert with the Company;

4.1.12. relevant securities includes:

- a) securities of the Company which carry voting rights;
- b) equity share capital of the Company; and
- c) securities of the Company which carry conversion or Placing rights into any of the foregoing; and

4.1.13. short position includes any short position under a derivative, any agreement to sell or any delivery obligation or any right to require another person to purchase or take delivery of any relevant securities of the Company, whether conditional or absolute and whether in the money or otherwise. A person will have a short position in a security if he:

- a) will benefit economically if the price of that security goes down;
- b) will suffer economically if the price of that security goes up;
- c) has the right or option to dispose of it or to put it on to another person; or
- d) is under an obligation to deliver it to another person.

4.2. The interests of the Directors and their families and the interests of their connected persons in the issued Ordinary Share capital of the Company as at the disclosure date and as they are expected to be following Admission are as follows:

<b>Director</b>	<b>No. of Ordinary Shares as at disclosure date</b>	<b>% of Ordinary Shares as at disclosure date</b>	<b>No. of Ordinary Shares following Admission</b>	<b>% of Enlarged Share Capital following Admission</b>
Christopher James Satterthwaite	Nil	Nil	22,222	0.28
Mark David Browning	Nil	Nil	33,333	0.42
Will Sawyer	1,314,474	0.09	4,852	0.06
Nicholas James Taylor	2,777,780	0.19	5,556	0.07
Andrew Sheldon Garard	Nil	Nil	33,333	0.42

- 4.3. The interests of the Directors and their connected persons in Options as at the disclosure date are as follows:

	<b>No. of Options held</b>	<b>Exercise price</b>	<b>Vesting period</b>
Mark David Browning	78,616,352	0.318p	2019 to 2023
Will Sawyer	9,000,000	0.425p	2018 to 2021

- 4.4. It is proposed that, conditional on Admission, the Options stated in paragraph 4.3 above will be cancelled and replaced with new Options, based on the Enlarged Share Capital.

- 4.5. The interests of the Directors and their connected persons in Ordinary Shares as at the close of business on the disclosure date are set out in the table below as follows

<b>Member of the Concert Party</b>	<b>Number of Ordinary Shares</b>	<b>% of issued share capital</b>
Herald	501,455,735	33.66
JB	41,168,243	2.76
JBCF	24,074,949	1.62
	<u>566,698,927</u>	<u>38.04</u>

- 4.6. In addition to the Concert Party's existing interest in Ordinary Shares, as at close of business on the disclosure date Herald held 767,354 Preference Shares, carrying rights in respect of £92,554 accrued and unpaid dividends. The Preference Shares, which were issued on 13 July 2015 and are freely transferrable, are convertible into Ordinary Shares at 2.5 pence per Ordinary Share at Herald's option and will become redeemable at the Company's option on the date falling five years after their issue being 13 July 2020. The Preference Shares have a dividend of 4.5 per cent. per annum (which increases to 13.5 per cent. if they are not converted or redeemed within five years of their issue) which is payable on 31 July each year, or accrued and repayable when the Preference Shares are converted or redeemed.

- 4.7. Following completion of the Placing, the Preference Share Conversion, Debt Conversion and the Share Consolidation, the shareholding of each member of the Concert Party will be as set out in the table below:

<b>Member of the Concert Party</b>	<b>Number of Ordinary Shares following Admission</b>	<b>% of Enlarged Share Capital</b>
Herald	3,187,830	40.30
JB	218,602	2.76
JBCF	127,837	1.62
	<u>3,534,269</u>	<u>44.68</u>

- 4.8. Dealings in relevant securities

- 4.8.1. During the disclosure period, the dealings by Directors and their connected persons in relevant securities were as follows:

<b>Name</b>	<b>Description of dealing</b>	<b>No. of Ordinary Shares</b>	<b>Price per Ordinary Share</b>	<b>Date of transaction</b>
Mark David Browning	Grant of Options	78,616,352	Exercise price of 0.318 pence	17 May 2019

4.8.2. During the disclosure period, the dealings by members of the Concert Party in relevant securities were as follows:

<b>Name</b>	<b>Description of dealing</b>	<b>No. of Ordinary Shares</b>	<b>Price per Ordinary Share</b>	<b>Date of transaction</b>
Herald	Conversion of Preference Shares	23,719,981	0.3005 pence	1 November 2019

4.9. Save as disclosed in this Circular, as at the close of business on the disclosure date and during the disclosure period:

4.9.1. Interests and dealings in the Company by the Concert Party

- a) no member of the Concert Party nor any of their respective directors (including any members of such directors' respective immediate families, related trusts or connected persons) nor persons acting in concert with them had an interest in or a right to subscribe for, or had any short position or derivative contract in relation to any relevant securities of the Company;
- b) no member of the Concert Party nor any of their respective directors (including any members of such directors' respective immediate families, related trusts or connected persons) nor persons acting in concert with them had borrowed or lent any relevant securities of the Company; and
- c) no member of the Concert Party nor any of their respective directors (including any members of such directors' respective immediate families, related trusts or connected persons) nor persons acting in concert with them had dealt in any relevant securities of the Company.

4.9.2. Interests and dealings in the Company by the Directors

- a) no Director nor any member of their respective immediate families, related trusts or connected persons, nor any person acting in concert with them had an interest in or a right to subscribe for, or had any short position or derivative contract in relation to any relevant securities of the Company;
- b) no Director nor any member of their respective immediate families, related trusts or connected persons, nor any person acting in concert with them had borrowed or lent any relevant securities of the Company; and
- c) no Director nor any members of their respective immediate families, related trusts or connected persons, nor any person acting in concert with them had dealt in any relevant securities of the Company.

4.9.3. Interests and dealings in the Concert Party by the Company or the Directors

- a) the Company did not have an interest in or a right to subscribe for, or have any short position or derivative contract in relation to any relevant securities of any of the respective members of the Concert Party; and
- b) no Director nor any member of their respective immediate families, related trusts or connected persons, nor any person acting in concert with them had an interest in or a right to subscribe for, or had any short position or derivative contract in relation to any relevant securities of any of the respective members of the Concert Party.

## **5. INTENTIONS OF THE CONCERT PARTY**

5.1. Each member of the Concert Party confirms that they are not proposing, following completion of the Proposals, to seek any change in the general nature of the Company's business.

- 5.2. Each member of the Concert Party has also confirmed that, following completion of the Proposals, that they have no intention to make any changes regarding:
- a) the Company's future business;
  - b) the Company's research and development functions;
  - c) the continued employment of employees and management of the Company and its subsidiaries, including conditions of employment;
  - d) the balance of the skills and functions of the Company's employees and management;
  - e) the strategic plans of the Company;
  - f) employer contributions into the Company's defined contribution pension scheme (including benefits for existing members and the admission of new members);
  - g) the redeployment of the fixed assets of the Company; or
  - h) the maintenance and continued admission of the Company's ordinary shares to trading on AIM.
- 5.3. As such it is expected that there will be no repercussions on employment or the locations of the Company's places of business, including on the location of the Company's headquarters and headquarters functions.

## 6. DIRECTOR SERVICE CONTRACTS

- 6.1. Details of the service contracts or letters of appointment of the Directors as set out below:

Name	Start date	Notice period	Annual salary/fees as at the date of this Circular	Value of benefits in kind, commission or profit sharing arrangements	Compensation payable on termination of contract
Christopher James Satterthwaite	1 July 2019	3 months	£50,000	£30,000	Nil
Mark David Browning	23 April 2019	6 months	£270,000	£270,000	Nil
Will Sawyer	8 October 2018	6 months	£135,000	£101,250	Nil
Nicholas James Taylor	3 April 2017	90 days	£30,000	Nil	Nil
Andrew Sheldon Garard	2 September 2019	90 days	£30,000	Nil	Nil

- 6.2. Christopher James Satterthwaite entered into an appointment letter with the Company on 12 June 2019. This appointment letter represented Christopher's first contractual arrangement with the Company and did not replace any earlier contract.
- 6.3. The Directors confirm that, save as set out in this paragraph 6 no service contracts have been entered into or amended in the six months prior to the date of this Circular.

## 7 MATERIAL CONTRACTS, ARRANGEMENTS AND OTHER INFORMATION

- 7.1 Save as set out below, the Group has not entered into any material contract (not being a contract entered into the ordinary course of business) within the previous two years nor has any contract been entered into which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group:

### 7.1.1 *Placing Agreement*

On 17 January 2020 the Company entered into a placing agreement with the Joint Brokers pursuant to which the Joint Brokers agreed to use their respective reasonable endeavours, as agents on behalf of the Company, to procure places for the Company for 3,888,889 New Ordinary Shares. Under the terms of the placing agreement the

Company agreed to pay the Joint Brokers various fees and commissions and also gave customary warranties and indemnities in favour of the Joint Brokers.

#### 7.1.2 *Debt Variation Agreements*

Pursuant to the facility agreement between the Company and each of the Debt Holders (on assignment) dated 2 July 2008 (as subsequently amended and assigned), the Company currently has approximately £2.74 million of long-term loans outstanding held by the Debt Holders who are also Shareholders (Herald and JBCF). The interest rate on these loans is 4 per cent. plus monthly LIBOR, with a repayment date of 31 December 2020.

In March 2013 and September 2013, the Company issued unsecured loan notes of £192,500 and £1.25 million, respectively, to Herald. The balance of the unsecured loan notes is currently £0.75 million plus approximately £0.27 million of accrued interest, which is charged at 8 per cent. per annum. The unsecured loan notes have a repayment date of 31 December 2020.

As set out in the Debt Variation Agreements, the Company has negotiated the Debt Variation with the Debt Holders pursuant to which (i) the repayment date of the long term loans and the unsecured loan notes will be extended by two years from December 2020 to December 2022, (ii) all accrued but unpaid debt owing to Herald on the relevant debt instruments will roll up and compound with the respective principle on Admission (iii) £162,000 of accrued but unpaid interest owing to JBCF under the long term loan instrument will be fully paid on Admission and (iv) other than as aforementioned, all other interest on the underlying debt instruments will accrue and be payable quarterly in arrears from Admission.

- 7.2 Save as set out at paragraph 7.1 above, no member of the Concert Party has entered into any material contract (not being a contract entered into the ordinary course of business) within the previous two years nor has any contract been entered into which contains any provision under which any member of the Concert Party has any obligation or entitlement which is material to the Group.
- 7.3 The Company has not, nor has any person acting in concert with it nor have any members of the Concert Party, procured any irrevocable commitment or letter of intent in respect of the Proposals.
- 7.4 There are no dealing arrangements, including any indemnity or option arrangement, any agreement or understanding, formal or informal, of the kind referred to in Note 11 on the definition of 'acting in concert' as set out in the Code, or offer-related arrangements of the kind referred to in Rule 21.2 of the Code, that exist between the Company, or any person acting in concert with the Company, and any other person.
- 7.5 There is no agreement, arrangement, or understanding (including any compensation arrangements or standstill agreements) between any of the members of the Concert Party and any of the Directors, their close relatives or related trusts, recent directors of the Company, Shareholders, or recent shareholders of the Company, or any person interested or recently interested in Ordinary Shares having any connection with or dependence upon the Proposals.
- 7.6 No agreement, arrangement or understanding exists whereby the Ordinary Shares acquired pursuant to the Placing or the Preference Share Conversion will be transferred to any other.
- 7.7 N+1 Singer, Zinc's nominated adviser and joint broker also acts as joint broker to Herald.
- 7.8 Peterhouse, Zinc's joint broker and independent financial adviser for the purpose of the Whitewash Resolution.

## **8. MIDDLE MARKET QUOTATIONS**

- 8.1 The following table sets out the middle market quotations for an Ordinary Share, on the first Business Day of each of the six months immediately prior to the date of this Circular and as at the disclosure date:

<b>Date</b>	<b>Price (pence)</b>
23 January 2020	0.185
2 January 2020	0.24
2 December 2019	0.27
1 November 2019	0.29
1 October 2019	0.27
2 September 2019	0.29
1 August 2019	0.275

Source: Factsset

## **9. GENERAL**

- 9.1 On 11 November 2019, the Company's accounting reference date was extended from 30 June to 31 December. As a result of this change, the Company's FY20 financial results will cover the 18-month period to 31 December 2020.
- 9.2 N+1 Singer has given and not withdrawn its written consent to the issue of this Circular with the inclusion in it of its name in the form and context in which it appears.
- 9.3 Peterhouse has given and not withdrawn its written consent to the issue of this Circular with the inclusion in it of its name in the form and context in which it appears.
- 9.4 No inducement fee is payable in respect of the Proposals.
- 9.5 Save as disclosed in this Circular there are no financing arrangements in place in relation to the Proposals where payment of interest on, repayment of, or security for, any liability is dependent on the Company.
- 9.6 No arrangements to incentivise management regarding the proposals set out in this Circular have been entered into or are proposed.
- 9.7 There are no arrangements regarding the transfer of securities acquired under the Placing.
- 9.8 Other than as a result of the receipt of funds in connection with the Placing, there has been no material or significant change in the financial or trading position of the Company since 30 June 2019, being the date of the Company's last audited report.
- 9.9 The contents of the Company's website or any website directly or indirectly linked to any of such website do not form part of this Circular and should not be relied upon, without prejudice to the documents incorporated by reference into this Circular.

## **10 RATINGS AND OUTLOOK**

- 10.1 The Company has not been given any ratings or outlooks by any rating agency.
- 10.2 Neither Herald, nor any member of the Concert Party, has been given any ratings or outlooks by any rating agency.

# ZINC MEDIA GROUP PLC

Company number: SC075133

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a general meeting of Zinc Media Group Plc (the "**Company**") will be held at the offices of N+1 Singer at 1 Bartholomew Lane, London EC2N 2AX on 12 February 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 3 will be proposed as ordinary resolutions of the Company and resolutions 4 to 7 will be proposed as special resolutions of the Company. All Resolutions will be taken on a poll.

### ORDINARY RESOLUTIONS

#### THAT

1. the grant of the waiver by the Panel on Takeovers and Mergers of any requirement under Rule 9 of the City Code on Takeovers and Mergers on Herald Investment Trust plc ("**Herald**") and the other members of the Concert Party, to make a general offer to shareholders of the Company as a result of the issue to the Concert Party of the Placing Shares and Conversion Shares (as defined in the circular to shareholders dated 24 January 2020 incorporating this notice of General Meeting) ("**Circular**"), be approved;
2. every 500 ordinary shares of 0.00025 pence each in the capital of the Company (the "**Existing Ordinary Shares**") be consolidated into one new consolidated ordinary share of 0.125 pence in nominal value (the "**New Ordinary Shares**") having the same rights and ranking *pari passu* in all respects with the Existing Ordinary Shares, provided that where such consolidation results in any member being entitled to a fraction of a New Ordinary Share, such fraction shall be aggregated and the directors of the Company be and are hereby authorised to sell (or appoint another person to sell) such fraction on behalf of the relevant member where the net proceeds of such sale will be retained for the benefit of the Company;
3. the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Act to exercise all or any of the powers of the Company to allot up to
  - 3.1. 3,888,889 New Ordinary Shares of 0.125 pence (being the Placing Shares, as defined in the Circular) in connection with the proposed Placing and, unless previously revoked, varied or extended, this authority shall expire on the date of the next annual general meeting of the Company or the date falling 18 months after the passing of this Resolution (whichever is earlier) except that the Company may at any time before such expiry make an offer or agreement which would or might require Placing Shares to be allotted after such expiry and the Directors may allot Placing Shares in pursuance of such an offer or agreement as if this authority had not expired;
  - 3.2. 102,839 New Ordinary Shares of 0.125 pence (being the Preference Dividend Shares, as defined in the Circular) in connection with the Preference Share Conversion and, unless previously revoked, varied or extended, this authority shall expire on the date of the next annual general meeting of the Company or the date falling 18 months after the passing of this Resolution (whichever is earlier) except that the Company may at any time before such expiry make an offer or agreement which would or might require such Preference Dividend Shares to be allotted after such expiry and the Directors may allot such Preference Dividend Shares in pursuance of such an offer or agreement as if this authority had not expired;
  - 3.3. 86,092 New Ordinary Shares of 0.125 pence in connection with the Debt Conversion (as defined in the Circular) and, unless previously revoked, varied or extended, this authority shall expire on the date of the next annual general meeting of the Company or the date falling 18 months after the passing of this Resolution (whichever is earlier) except that the Company may at any time before such expiry make an offer or agreement which would or might require such Conversion Shares to be allotted after such expiry and the Directors

may allot such Conversion Shares in pursuance of such an offer or agreement as if this authority had not expired;

in each case, in addition to all previous authorities to allot (including which were granted at the Company's preceding annual general meeting) which are otherwise unused.

## **SPECIAL RESOLUTIONS**

### **THAT**

4. in accordance with section 618 of the Companies Act 2006, the 767,354 preference shares of £0.01 each in the issued share capital of the Company be subdivided and redesignated into:
  - (i) 852,615 New Ordinary Shares having the same rights and being subject to the same restrictions (save as to nominal value) as the ordinary shares of 0.00025 pence each in the capital of the Company as set out in the Company's articles of association for the time being; and
  - (ii) 332,049 Deferred Shares (having the same rights and being subject to the same restrictions (save as to nominal value) as Deferred Shares in the capital of the Company as set out in the Company's articles of association for the time being.
5. the Directors be and are hereby empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) of the Company for cash pursuant to the authority conferred by Resolution (3) above, as if section 561 of the Act did not apply to any such allotment, provided that such power shall be limited to the allotment of up to:
  - (i) 3,888,889 New Ordinary Shares (being the Placing Shares, as defined in the Circular) in connection with the proposed Placing;
  - (ii) 102,839 New Ordinary Shares (being the Preference Dividend Shares, as defined in the Circular) in connection with the proposed Preference Share Conversion; and
  - (iii) 86,092 New Ordinary Shares in connection with the proposed Debt Conversion;

in each case, in addition to all previous authorities (including which were granted at the Company's preceding annual general meeting) which are otherwise unused, and this power shall expire (unless previously renewed, varied or revoked) on the earlier of the date of the next annual general meeting of the Company and the date falling 18 months after the passing of this Resolution provided that the Company may make an offer or agreement which would or might require securities to be allotted after this power expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired;
6. subject to the passing of all other Resolutions, the articles of association of the Company in the form produced at the General Meeting be adopted as the new articles of association of the Company in substitution for and to the exclusion of all existing articles of association of the Company;
7. subject to the confirmation of the Court:
  - (i) £913,146 being the total amount standing to the credit of the merger reserve of the Company shall be capitalised and applied in paying up in full at par such number of new B ordinary shares (the "Capital Reduction Shares") equal to the number of ordinary shares each in the capital of the Company in issue at the close of business on the date immediately preceding the date of the hearing by the Court to confirm the capital reduction proposed by this Resolution 7, such Capital Reduction Shares having a nominal value equal to the sum that is obtained by dividing the number of Capital Reduction Shares to be issued as set out above into £913,146, as shall be required to effect such capitalisation and the directors of the Company be and hereby are authorised for the purposes of section 551 of the Companies Act 2006 to allot and issue all the Capital Reduction Shares thereby created to all members of the Company proportionately to their existing shareholdings upon terms that they are fully paid up by such capitalisation, and such authority shall for

- the purposes of section 551 of the Act expire on the date falling six months after the date of the passing of this Resolution;
- (ii) the Capital Reduction Shares created and issued pursuant to paragraph 7(i) above shall have the following rights and restrictions:
    - a) the holders of Capital Reduction Shares shall have no right to receive any dividend or other distribution whether of capital or income;
    - b) the holders of Capital Reduction Shares shall have no right to receive notice of or to attend or vote at any general meeting of the Company;
    - c) the holders of Capital Reduction Shares shall on a return of capital on a liquidation, but not otherwise, be entitled to receive the nominal amount of each such share but only after the holder of each ordinary share shall have received the amount paid up or credited as paid up on such a share and the holders of the Capital Reduction Shares shall not be entitled to any further participation in the assets or profits of the Company;
    - d) a reduction by the Company of the capital paid up or credited as paid up on the Capital Reduction Shares and the cancellation of such shares will be treated as being in accordance with the rights attaching to the Capital Reduction Shares and will not involve a variation of such rights for any purpose. The Company will be authorised at any time without obtaining the consent of the holders of the Capital Reduction Shares to reduce its capital (in accordance with the Act);
    - e) the Company shall have irrevocable authority at any time after the creation and issue of the Capital Reduction Shares to appoint any person to execute on behalf of the holders of such shares a transfer thereof to such person or persons as the Company may determine and, in accordance with the Act, to purchase or cancel such shares without making any payment to or obtaining the sanction of the holders thereof and pending such transfer and/or purchase and/or cancellation to retain the certificates, if any, in respect thereof, provided that the Company may in accordance with the Act purchase all but not some only of the Capital Reduction Shares then in issue at a price not exceeding one pence for all the Capital Reduction Shares;
  - (iii) the Capital Reduction Shares created and issued pursuant to paragraph 7(i) above be and are hereby cancelled for no consideration;
  - (iv) the Deferred Shares and the D Deferred Shares be and hereby are cancelled for no consideration; and
  - (v) the entire amount standing to credit of the Company's share premium account be and hereby is cancelled.

**By order of the Board**

*Company Secretary*

*Registered Office:*

7 Exchange Crescent,  
Conference Square,  
Edinburgh EH3 8AN

Registered in Scotland No. SC075133

Dated: 24 January 2020

**Notes:**

- 1 Resolution 1 is subject to the approval of the Independent Shareholders (being Shareholders other than the members of the Concert Party) on a poll and each Independent Shareholder will be entitled to one vote for each ordinary share held. The members of the Concert Party will not vote on the resolution.
- 2 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting and at any adjournment of it. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. If a proxy appointment is submitted without indicating how the proxy should vote on any resolution, the proxy will exercise his discretion as to whether and, if so, how he votes.
- 3 To be effective, the proxy vote must be submitted at [www.signalshares.com](http://www.signalshares.com) so as to have been received by the Company's registrars, Link Asset Services no later than 10.00 a.m. on 10 February 2020 (or, in the event of any adjournment, no later than 10.00 a.m. on the date which is two days before the time of the adjourned meeting). Any power of attorney or other authority under which the proxy is submitted must be returned to the Company's Registrars, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF. If a paper form of proxy is requested from the registrar, it should be completed and returned to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF to be received not less than 48 hours before the time of the meeting.
- 4 The submission of a proxy vote will not prevent a member attending the meeting and voting in person if he/she wishes to do so.
- 5 A vote withheld option is available to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'for' and 'against' a resolution.
- 6 Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001 and paragraph 18(c) of The Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the meeting shall be entitled to attend and vote at the meeting. In calculating the period of 48 hours mentioned above no account shall be taken of any part of a day that is not a working day. Subsequent changes to entries on the register after this time shall be disregarded in determining the rights of any persons to attend or vote at the meeting.
- 7 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders' appear in the company's register of members in respect of the joint holding (the first-named being the most senior).
- 8 If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- 9 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this meeting by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Please note the following:
  - (a) in order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST proxy instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by the latest time(s) for receipt of proxy appointments specified in this notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
  - (b) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s),

to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

- (c) the Company may treat as invalid a CREST proxy instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 10 You may vote your shares electronically at [www.signalshares.com](http://www.signalshares.com). On the home page, search 'Zinc Media Group Plc' and then log in or register, using your Investor Code, which can be found on your share certificate. To vote, click on the 'Vote Online Now' button.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

