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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

16 April 2020

## The Gym Group PLC

### Proposed Placing of Ordinary Shares

The Gym Group plc (the "**Company**" or "**TGG**"), the nationwide operator of 179 low cost 24/7, no contract gyms, announces its intention to conduct a placing of new ordinary shares of 0.01p each ("**Ordinary Shares**") (the "**Placing**"). In addition, in conjunction with the Placing, the directors of the Company and certain members of the Executive Management team intend to subscribe (the "**Subscription**") for new Ordinary Shares (the "**Subscription Shares**") at the Placing Price (as defined below) to contribute approximately £175k in aggregate. The Company intends to issue up to approximately 19.9% of the current issued share capital of the Company in connection with the Placing and Subscription.

The Placing will be conducted through an accelerated bookbuild process which will be launched immediately following this announcement, in accordance with the terms and conditions of the Placing set out in the Appendix. The Subscription Shares will be subscribed for on the basis agreed pursuant to subscription letters with the Company, rather than pursuant to the terms and conditions of the Placing contained in Appendix 1 to this Announcement.

Numis Securities Limited ("**Numis**") and Peel Hunt LLP ("**Peel Hunt**", together with Numis, the "**Joint Bookrunners**") are acting as joint bookrunners in relation to the Placing. The Company, Numis and Peel Hunt have entered into a placing agreement dated 16 April 2020 in connection with the Placing.

#### Overview

- The net proceeds of the Placing and Subscription will be used to strengthen TGG's balance sheet and provide liquidity whilst TGG's gyms are closed during this period of unprecedented COVID-19 disruption
- The Board believes that a strengthened balance sheet will enable the Company to take advantage of growth opportunities in the immediate aftermath of the COVID-19 crisis both in terms of membership acquisition and by restarting its site roll out programme
- Credit approval has been received for an amendment to the Company's existing £70m committed bank facility, maturing October 2023, with its existing lenders HSBC, Natwest and Banco de Sabadell to provide commitments for an incremental £30m for an 18 month period (the "**New Debt Facility**"). The amendment which remains subject to final documentation, provides for a revised financial covenant testing regime and is subject to completion of the Placing
- The Board is confident that the additional financing from the Placing and Subscription and New Debt Facility, alongside a broad range of cost saving actions, will ensure sufficient liquidity even in the event of its most pessimistic trading scenario

- Directors and certain members of the Executive Management team intend to subscribe for Subscription Shares to contribute approximately £175k in aggregate.
- The Placing will be conducted through an accelerated bookbuild process (the “**Bookbuild**”) that will open with immediate effect following this Announcement
- The final number of Ordinary Shares issued in the Placing (“**Placing Shares**”) and the Subscription, and the price at which such shares will be subscribed for (the “**Placing Price**”), will be agreed by Numis, Peel Hunt and the Company at the close of the Bookbuild, and the result will be announced as soon as practicable thereafter
- The timing for the close of the Bookbuild, the allocation of the Placing Shares and the Placing Price shall be determined together by Numis, Peel Hunt and the Company. The Placing is not underwritten
- The Appendix to this Announcement (which forms part of this Announcement) contains the detailed terms and conditions of the Placing.

### **Rationale for the Placing**

The Company entered 2020 following a year of strong performance in 2019, and trading in January and February of 2020 was encouraging with the Group reaching record membership numbers of 891,000 at the end of February. However, in line with UK Government guidelines in response to COVID-19, on 20 March 2020 the Company temporarily closed all 179 of its sites.

As announced on 19 March 2020, in anticipation of potential closures, management put in place a number of actions to reduce cash outgoings including halting the roll out of new sites and reducing both capital and operating expenditure to essential spend only. The Company also commenced discussions with its existing lenders HSBC, Natwest and Banco de Sabadell (the “**Banks**”). These discussions have progressed such that credit approval has been received for an amendment to its existing £70m committed bank facility, maturing October 2023, to provide additional commitments of £30m for an 18 month period. The amendment also provides for a revised financial covenant testing regime, taking into account the current period of closure of the Company’s gyms and their reopening over the next six months, and remains subject to final documentation and completion of the Placing. During the period that the New Debt Facility can be accessed the payment of dividends requires the consent of the Banks.

The Company has also continued to take further actions to conserve cash. This has involved ongoing discussions with the Company’s landlord, supplier and employee stakeholders. In addition, the executive directors have taken a material temporary reduction in salaries and have deferred 50% of their 2019 bonus award. All non-executive Board members have agreed to forego their board fees for the second quarter of 2020. The Company is also participating in a number of the relevant UK Government COVID-19 support initiatives announced to date, including rates relief, the Coronavirus Job Retention Scheme for furloughed workers, and the deferral of some payments due to HMRC.

As at 31 March 2020, the Company had cash on hand of £22.4m, having fully drawn its £70m existing bank facility. Management’s immediate mitigation actions have in aggregate reduced the Company’s monthly cash burn during the temporary closure period to £5m, excluding the unwind of working capital and other capital commitments over the next five months, which in total are approximately £12m.

Given the uncertainty of the duration of the current disruption, the Board believes the Placing and Subscription to be a prudent measure to further strengthen the Company’s balance sheet, working capital and liquidity position. The Board is confident that the steps being taken will ensure sufficient liquidity even in the event of its most pessimistic trading scenario which assumes a total closure of the estate for the remainder of 2020 and a significantly reduced membership upon reopening.

The Board also believes that the strengthened balance sheet will provide the Company with the ability to take advantage of growth opportunities in the immediate aftermath of the COVID-19 crisis both in terms of membership acquisition and by restarting its site roll out programme.

### **Shareholder Consultation**

The Company has consulted with its major institutional shareholders ahead of the release of this Announcement. The Board of Directors has concluded the Placing and Subscription is in the best interests of shareholders and wider stakeholders and will promote the long term success of the Company. This conclusion has been endorsed by that consultation. The Placing structure minimises cost and time to completion at an important and unprecedented time for the Company.

### **For further information, please contact:**

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*This announcement is released by The Gym Group plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.*

*For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Katy Tucker, Company Secretary.*

*This Announcement should be read in its entirety. In particular, you should read and understand the information provided in the "Important Notice" section below.*

**The Appendix to this Announcement (which forms part of this Announcement) sets out the terms and conditions of the Placing. Persons who have chosen to participate in the Placing, by making an oral or**

**written offer to acquire Placing Shares, will be deemed to have read and understood this Announcement in its entirety (including the Appendix) and to be making such offer on the terms and subject to the conditions herein, and to be providing the representations, warranties, agreements, acknowledgements and undertakings contained in the Appendix.**

### **Details of the Placing and Subscription**

Numis and Peel Hunt are acting as joint bookrunners and corporate broker in connection with the Placing.

The Placing is subject to the terms and conditions set out in the Appendix (which forms part of this announcement, such announcement and the Appendix together being this "**Announcement**"). The Joint Bookrunners will today commence a bookbuilding process in respect of the Placing (the "**Bookbuilding**"). The price per Ordinary Share at which the Placing Shares are to be placed (the "**Placing Price**") will be decided at the close of the Bookbuilding. The book will open with immediate effect following this Announcement. The timing of the closing of the book, pricing and allocations will be at the discretion of the Joint Bookrunners and TGG. Details of the Placing Price and the number of Placing Shares and Subscription Shares will be announced as soon as practicable after the close of the Bookbuilding. The Placing will be effected by way of a placing of new Ordinary Shares in the Company for non-cash consideration. Peel Hunt will subscribe for ordinary shares and redeemable preference shares in Henry Funding Limited ("JerseyCo"), a wholly owned subsidiary of the Company, for an amount approximately equal to the net proceeds of the Placing. The Company will allot and issue the Placing Shares on a non-pre-emptive basis to Placees in consideration for the transfer of the ordinary shares and redeemable preference shares in JerseyCo, that will be issued to Peel Hunt.

Directors and certain members of the Executive Management team intend to subscribe for Subscription Shares to contribute approximately £175k in aggregate. The Executive Directors intend to participate by investing 50 per cent. of their 2019 bonus award (net of tax) (approximately £48.4k in aggregate) to subscribe for Subscription Shares (with the balance of that bonus award remaining deferred).

The Placing Shares and Subscription Shares, when issued, will be fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue. The number of Placing Shares and Subscription Shares in aggregate will not exceed approximately 19.9% of the current issued share capital of the Company.

Applications will be made for the Placing Shares to be admitted to the premium listing segment of the Official List (the "**Official List**") of the Financial Conduct Authority (the "**FCA**") and to be admitted to trading on the main market for listed securities of London Stock Exchange plc (the "**London Stock Exchange**") (together, "**Admission**"). Settlement for the Placing Shares and Subscription Shares and Admission is expected to take place on or before 8.00 a.m. on 21 April 2020. The Placing is conditional, among other things, upon Admission becoming effective and the placing agreement between the Company and Numis and Peel Hunt (as joint bookrunners) (the "**Placing Agreement**") not being terminated in accordance with its terms. As part of the Placing, the Company has agreed that it will not issue or sell Ordinary Shares for a period ending 90 days after Admission, without the prior written consent of the Joint Bookrunners. The Appendix sets out further information relating to the Bookbuilding process and the terms and conditions of the Placing.

### **IMPORTANT NOTICES**

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT (INCLUDING THE APPENDIX) AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE DIRECTED ONLY AT PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING AND DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE: (1) IF IN THE UNITED KINGDOM OR A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("**EEA**"), QUALIFIED INVESTORS AS

DEFINED IN ARTICLE 2(e) OF REGULATION (EU) 2017/1129 (THE "**PROSPECTUS REGULATION**"); (2) IF IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO (A) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "**ORDER**") (INVESTMENT PROFESSIONALS) OR (B) FALL WITHIN ARTICLE 49(2)(a) TO (d) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**").

The distribution of this Announcement and/or the Placing and/or issue of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company, the Joint Bookrunners or any of their respective affiliates, agents, directors, officers or employees that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company and the Joint Bookrunners to inform themselves about and to observe any such restrictions.

Neither this Announcement, nor any copy of it, may be taken or transmitted, published or distributed, directly or indirectly, in or into the United States, Australia, Canada, Japan, or the Republic of South Africa or to any persons in any of those jurisdictions or any other jurisdiction where to do so would constitute a violation of the relevant securities laws of such jurisdiction. This Announcement is for information purposes only and does not constitute an offer to sell or issue, or the solicitation of an offer to buy, acquire or subscribe for any shares in the capital of the Company in the United States, Australia, Canada, Japan or the Republic of South Africa or any other state or jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Any failure to comply with these restrictions may constitute a violation of securities laws of such jurisdictions.

The Placing Shares have not been, and will not be, registered under the US Securities Act, as amended (the "US Securities Act"), or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There is no intention to register any portion of the Placing in the United States or to conduct any public offering of securities in the United States or elsewhere.

All offers of the Placing Shares in the United Kingdom and the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus. In the United Kingdom, this Announcement is being directed solely at persons in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 (as amended) does not apply.

Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligations to forward a copy of this Announcement should seek appropriate advice before taking any action.

By participating in the Bookbuilding and the Placing, each person who is invited to and who chooses to participate in the Placing (a "**Placee**") by making an oral and legally binding offer to acquire Placing Shares will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in the Appendix.

This Announcement may contain and the Company may make verbal statements containing "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company, including amongst other things, the macroeconomic and other impacts of COVID-19, United Kingdom domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, the effect of competition, inflation, deflation, the timing effect and other uncertainties of future acquisitions or combinations within relevant industries, the effect of tax and other legislation and other regulations in the jurisdictions in which the Company and its affiliates operate, the effect of volatility in the equity, capital and credit markets on the Company's profitability and

ability to access capital and credit, a decline in the Company's credit ratings; the effect of operational risks; and the loss of key personnel. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made in this Announcement by or on behalf of the Company speak only as of the date they are made. Except as required by applicable law or regulation, the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this Announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

**Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.**

**For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.**

**Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.**

Peel Hunt is authorised and regulated by the Financial Conduct Authority (the "FCA") in the United Kingdom and is acting exclusively for the Company and no one else in connection with the Placing, and Peel Hunt will not be responsible to anyone (including any Placees) other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or any other matters referred to in this Announcement.

Numis is authorised and regulated by the FCA in the United Kingdom and is acting exclusively for the Company and no one else in connection with the Placing, and Numis will not be responsible to anyone (including any Placees) other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or any other matters referred to in this Announcement.

No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by the Joint Bookrunners or by any of their respective affiliates or agents as to, or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefor is expressly disclaimed.

No statement in this Announcement is intended to be a profit forecast or estimate, and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

## **APPENDIX: PLACING TERMS AND CONDITIONS**

### **IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEEES ONLY**

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) AND THE TERMS AND CONDITIONS SET OUT HEREIN (TOGETHER, THIS "**ANNOUNCEMENT**") ARE DIRECTED ONLY AT PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING AND DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE: (1) IF IN THE UNITED KINGDOM OR A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("**EEA**"), QUALIFIED INVESTORS AS DEFINED IN ARTICLE 2(e) OF REGULATION (EU) 2017/1129 (THE "**PROSPECTUS REGULATION**"); (2) IF IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO (A) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "**ORDER**") (INVESTMENT PROFESSIONALS) OR (B) FALL WITHIN ARTICLE 49(2)(a) TO (d) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**").

THIS ANNOUNCEMENT AND THE INFORMATION IN IT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS ANNOUNCEMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

The Placing Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. The Placing Shares are being offered and sold only (i) outside of the United States in accordance with Regulation S under the US Securities Act ("**Regulation S**") and otherwise in accordance with applicable laws and; (ii) in the United States to a limited number of "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the US Securities Act pursuant to an exemption from the registration requirements of the US Securities Act. There will be no public offer of the securities mentioned herein in the United States.

This announcement and the information contained herein is restricted and is not for release, publication or distribution, in whole or in part, directly or indirectly, in or into or from the United States, Australia, Canada, Japan, the Republic of South Africa or any other jurisdiction in which such release publication or distribution would be unlawful.

Each placee should consult with its own advisors as to legal, tax, business and related aspects of a purchase of placing shares.

This Announcement or any part of it does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for any securities in the United States (including its territories and possessions, any state of the United States and the District of Columbia), Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction in which the same would be unlawful. No public offering of the Placing Shares is being made in any such jurisdiction.

All offers of the Placing Shares in the United Kingdom and the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus. In the United Kingdom, this Announcement is being directed solely at persons in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 (as amended) does not apply.

The Placing Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States. The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada, no prospectus has been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; the relevant clearances have not been, and will not be, obtained for the South Africa Reserve Bank or any other applicable body in the Republic of South Africa in relation to the Placing Shares and the Placing Shares have not been, nor will they be registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, Japan or the Republic of South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction outside the EEA.

Persons (including without limitation, nominees and trustees) who have a contractual right or other legal obligations to forward a copy of this Announcement should seek appropriate advice before taking any action.

This Announcement should be read in its entirety. In particular, any Placee should read and understand the information provided in the "Important Notice" section of this Announcement.

By participating in the Bookbuilding and the Placing, each Placee will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Appendix.

In particular, each such Placee represents, warrants, undertakes, agrees and acknowledges (amongst other things) that:

1. it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
2. in the case of a Relevant Person in a member state of the EEA or the United Kingdom (each, a "**Relevant Member State**") who acquires any Placing Shares pursuant to the Placing:
  - (a) it is a Qualified Investor within the meaning of Article 2(e) of the Prospectus Regulation; and
  - (b) in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation:
    - (i) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than Qualified Investors or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale;
    - (ii) where Placing Shares have been acquired by it on behalf of persons in any Relevant Member State other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons;

3. it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this Announcement;
4. it understands (or if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Appendix; and
5. except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it and any account with respect to which it exercises sole investment discretion, is either (i) located outside the United State and acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S of the US Securities Act; or (ii) a QIB as defined in Rule 144A under the US Securities Act.

### **No prospectus**

The Placing Shares are being offered to a limited number of specifically invited persons only and will not be offered in such a way as to require any prospectus or other offering document to be published. No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Placing or the Placing Shares and Placees' commitments will be made solely on the basis of their own assessment of the Company, the Placing Shares and the Placing based on the information contained in this Announcement, the announcement of the pricing of the Placing (the "**Result of Placing Announcement**") (together, the "**Placing Documents**") and any information publicly announced through a regulatory information service ("**RIS**") by or on behalf of the Company on or prior to the date of this Announcement (together, the "**Publicly Available Information**") and subject to any further terms set forth in the Form of Confirmation sent to Placees by the Joint Bookrunners to confirm their acquisition of Placing Shares.

Each Placee, by participating in the Placing, agrees that the content of the Placing Documents is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any information (other than the Publicly Available Information), representation, warranty or statement made by or on behalf of the Joint Bookrunners or the Company or any other person and none of the Joint Bookrunners, the Company nor any other person acting on such person's behalf nor any of their respective affiliates has or shall have any responsibility or liability for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement (regardless of whether or not such information, representation, warranty or statement was given or made by or on behalf of any such persons). Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. No Placee should consider any information in this Announcement to be legal, tax or business advice. Each Placee should consult its own attorney, tax advisor and business advisor for legal, tax and business advice regarding an investment in the Placing Shares. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

### **Details of the Placing Agreement and the Placing Shares**

Numis and Peel Hunt are acting as joint bookrunners in connection with the Placing and have today entered into the Placing Agreement with the Company under which, on the terms and subject to the conditions set out in the Placing Agreement, the Joint Bookrunners, as agents for and on behalf of the Company, have severally (and not jointly or jointly and severally) agreed to use their respective reasonable endeavours to procure placees for the Placing Shares.

The final number of Placing Shares at the Placing Price (as defined below) will be set out in a share placing supplement agreed between the Joint Bookrunners and the Company following the Bookbuilding (the "**Placing Supplement**").

The Placing is not underwritten by the Joint Bookrunners. In accordance with the terms of the Placing Agreement, subject to the execution of the Placing Supplement, if Placees fail to take up their allocation of Placing Shares at the Placing Price, the Joint Bookrunners agree to take up such shares and the Company agrees to allot and issue such shares to the Joint Bookrunners, at the Placing Price and on the terms set out in the Placing Agreement.

The Placing will be effected by way of a placing of new Ordinary Shares in the Company for non-cash consideration. Peel Hunt will subscribe for ordinary shares and redeemable preference shares in Henry Funding Limited ("**JerseyCo**"), a wholly owned subsidiary of the Company, for an amount approximately equal

to the net proceeds of the Placing. The Company will allot and issue the Placing Shares on a non-pre-emptive basis to Placees in consideration for the transfer of the ordinary shares and redeemable preference shares in JerseyCo, that will be issued to Peel Hunt.

The Placing Shares will, when issued, be credited as fully paid up and will be issued subject to the Company's articles of association and rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of the Ordinary Shares after the date of issue of the Placing Shares, and will on issue be free of all pre-emption rights, claims, liens, charges, encumbrances and equities.

#### **Application for listing and admission to trading**

Applications will be made to the FCA for admission of the Placing Shares to the premium listing segment of the Official List of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for admission to trading of the Placing Shares on its main market for listed securities (together, "**Admission**").

It is expected that Admission of the Placing Shares will occur at or before 8.00 a.m. BST on 21 April 2020 (or such later time or date as the Joint Bookrunners may agree with the Company, being no later than 8.30 a.m. BST on 11 May 2020) and that dealings in the Placing Shares will commence at that time.

#### **Bookbuilding**

The Joint Bookrunners will today commence the accelerated bookbuilding process to determine demand for participation in the Placing by Placees (the "**Bookbuilding**"). This Announcement gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

The Joint Bookrunners and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuilding as they may, in their sole discretion, determine.

#### **Participation in, and principal terms of, the Placing**

1. The Joint Bookrunners are arranging the Placing as joint bookrunners and placing agents of the Company.
2. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Joint Bookrunners. Each of the Joint Bookrunners may itself agree to be a Placee in respect of all or some of the Placing Shares or may nominate any member of its group to do so.
3. The Bookbuilding, if successful, will establish a single price payable to the Joint Bookrunners (as applicable), as agents for the Company, by all Placees whose bids are successful (the "**Placing Price**"). The number of Placing Shares and the Placing Price will be agreed by the Joint Bookrunners (in consultation with the Company) following completion of the Bookbuilding. Subject to the execution of the Placing Supplement, the Placing Price and the number of Placing Shares to be issued will be announced on a RIS following the completion of the Bookbuilding via the Result of Placing Announcement.
4. To bid in the Bookbuilding, prospective Placees should communicate their bid orally by telephone or in writing to their usual sales contact at the relevant Joint Bookrunner. Each bid should state the number of Placing Shares which the prospective Placee wishes to subscribe for at either the Placing Price which is ultimately established by the Company and the Joint Bookrunners, or at prices up to a price limit specified in its bid. Bids may be scaled down by the Joint Bookrunners on the basis referred to in paragraph 8 below. The Joint Bookrunners reserve the right not to accept bids or to accept bids in part rather than in whole. The acceptance of the bids shall be at the Joint Bookrunners' absolute discretion, subject to agreement with the Company.
5. The Bookbuilding is expected to close no later than 7.00 a.m. (BST) on 17 April 2020 but may be closed earlier or later at the discretion of the Joint Bookrunners. The Joint Bookrunners may, in agreement with the Company, accept bids that are received after the Bookbuilding has closed. The Company reserves the right (upon the agreement of the Joint Bookrunners) to reduce the number of shares to be issued pursuant to the Placing, in its absolute discretion.

6. Allocations of the Placing Shares will be determined by the Company after consultation with the Joint Bookrunners (the proposed allocations having been supplied by the Joint Bookrunners to the Company in advance of such consultation). Subject to the execution of the Placing Supplement, allocations will be confirmed orally by the Joint Bookrunners and a Form of Confirmation will be despatched as soon as possible thereafter. The Joint Bookrunners' oral confirmation to such Placee constitutes an irrevocable legally binding commitment upon such person (who will at that point become a Placee), in favour of the Joint Bookrunner and the Company, to acquire the number of Placing Shares allocated to it and to pay the Placing Price in respect of such shares on the terms and conditions set out in this Appendix and in accordance with the Company's articles of association. A bid in the Bookbuilding will be made on the terms and subject to the conditions in this Announcement (including this Appendix) and will be legally binding on the Placee on behalf of which it is made and except with the Joint Bookrunners' consent, such commitment will not be capable of variation or revocation after the time at which it is submitted.
7. Each Placee's allocation and commitment will be evidenced by a Form of Confirmation issued to such Placee. The terms of this Appendix will be deemed incorporated in that Form of Confirmation.
8. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be subscribed for pursuant to the Placing will be required to be made at the same time, on the basis explained below under "**Registration and Settlement**".
9. All obligations under the Bookbuilding and the Placing will be subject to fulfilment or (where applicable) waiver of the conditions referred to below under "**Conditions of the Placing**" and to the Placing not being terminated on the basis referred to below under "**Right to terminate under the Placing Agreement**".
10. By participating in the Placing, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
11. To the fullest extent permissible by law, neither the Joint Bookrunners, nor the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any responsibility or liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither the Joint Bookrunners, nor the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any responsibility or liability (including to the extent permissible by law, any fiduciary duties) in respect of the Joint Bookrunners' conduct of the Placing.
12. The Placing Shares will be issued subject to the terms and conditions of this Announcement and each Placee's commitment to subscribe for Placing Shares on the terms set out herein will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or the Joint Bookrunners' conduct of the Placing.
13. All times and dates in this Announcement may be subject to amendment. The Joint Bookrunners shall notify the Placees and any person acting on behalf of the Placees of any changes.

#### **Conditions of the Placing**

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms. The Joint Bookrunners' obligations under the Placing Agreement are conditional on customary conditions, including (amongst others) (the "**Conditions**"):

1. Admission occurring no later than 8.00 a.m. BST on 21 April 2020 (or such later time or date as the Joint Bookrunners may agree with the Company, being no later than 8.30 a.m. BST on 11 May 2020) (the "**Closing Date**");
2. the delivery by the Company to the Joint Bookrunners of a certificate signed by a Director for and on behalf of the Company not later than 5.00 p.m. BST on the Business Day immediately prior to the date on which Admission is expected to occur (and dated as of such date);

3. in the opinion of the Joint Bookrunners, there having been no material adverse effect, or any development or matter reasonably expected to have a material adverse effect, in or affecting the business, condition (financial, operational, legal or otherwise), results of operations, earnings or assets of the Group, whether or not arising in the ordinary course of business between the date of the Placing Agreement and Admission; and
4. the Company having complied with all of its obligations under the Placing Agreement, the JerseyCo Option Agreement (as defined in the Placing Agreement) and JerseyCo Subscription and Transfer Agreement (as defined in the Placing Agreement) which fall to be performed or satisfied prior to Admission to the extent material in the context of the Placing and Admission.

The Joint Bookrunners (if they both agree) may, at their discretion and upon such terms as they think fit, waive compliance by the Company with the whole or any part of any of the Company's obligations in relation to the Conditions or extend the time or date provided for fulfilment of any such Conditions in respect of all or any part of the performance thereof. The condition in the Placing Agreement relating to Admission taking place may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

If: (i) any of the Conditions are not fulfilled or (where permitted) waived by the Joint Bookrunners by the relevant time or date specified (or such later time or date as the Joint Bookrunners may agree with the Company, being no later than 8.30 a.m. BST on 11 May 2020); or (ii) the Placing Agreement is terminated in the circumstances specified below under "**Right to terminate under the Placing Agreement**", the Placing will not proceed and the Placees' rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by it or on its behalf (or any person on whose behalf the Placee is acting) in respect thereof.

None of the Joint Bookrunners, nor the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any Condition to the Placing, nor for any decision they may make as to the satisfaction of any Condition or in respect of the Placing generally, and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Joint Bookrunners.

#### **Right to terminate under the Placing Agreement**

The Joint Bookrunners are entitled, at any time before Admission, to terminate the Placing Agreement in accordance with its terms in certain circumstances, including (amongst other things):

1. where there has been a breach by the Company of any of the warranties in the Placing Agreement;
2. the Company fails to comply with any provision of the Placing Agreement, the JerseyCo Subscription and Transfer Agreement and/or the JerseyCo Option Agreement that is material in the context of the Placing and/or Admission;
3. if any of the Conditions have (i) become incapable of satisfaction or (ii) not been satisfied before the latest time provided in the Placing Agreement and have not been waived if capable of being waived by the Joint Bookrunners; or
4. the occurrence of a material adverse change or certain force majeure events.

Upon termination, the parties to the Placing Agreement shall be released and discharged (except for any liability arising before or in relation to such termination) from their respective obligations under or pursuant to the Placing Agreement, subject to certain exceptions.

By participating in the Placing, each Placee agrees that (i) the exercise by either of the Joint Bookrunners of any right of termination or of any other discretion under the Placing Agreement shall be within the absolute discretion of such Joint Bookrunner and that it need not make any reference to, or consult with, Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise or failure to so exercise and (ii) its rights and obligations terminate only in the circumstances described above under "**Right to terminate under the Placing Agreement**" and "**Conditions of the Placing**", and its participation will not be capable of rescission or termination by it after oral confirmation by the Joint Bookrunners of the allocation and commitments following the close of the Bookbuilding.

### **Restriction on Further Issue of Shares**

The Company has undertaken to the Joint Bookrunners that, between the date of the Placing Agreement and 90 days after Admission, it will not, without the prior written consent of the Joint Bookrunners not offer to issue, grant any option for the issuance of, or otherwise dispose of or transfer, or announce any intention to do so, in a public offering or by way of private placement, any Ordinary Shares or any securities convertible into Ordinary Shares provided that the foregoing restrictions shall not restrict the ability of the Company or any other member of the Group during the Restricted Period to: (i) any Ordinary Shares issued or options or awards as appropriate granted or to be granted under the Company's existing share option schemes; (ii) any Ordinary Shares issued in respect of options, warrants or convertibles outstanding at the date hereof; and (iii) the allotment and issue of the Placing Shares pursuant to the Placing and subject to the terms of this agreement.

By participating in the Placing, Placees agree that the exercise by either of the Joint Bookrunners of any power to grant consent to the undertaking by the Company of a transaction which would otherwise be subject to the restrictive provisions on further issuance under the Placing Agreement shall be within the absolute discretion of that Joint Bookrunner and that it need not make any reference to, or consult with, Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise of the power to grant consent.

### **Registration and Settlement**

Settlement of transactions in the Placing Shares (ISIN: GB00BZBX0P70) following Admission will take place within the system administered by Euroclear UK & Ireland Limited ("**CREST**"), subject to certain exceptions. The Joint Bookrunners reserve the right to require settlement for, and delivery of, the Placing Shares (or any part thereof) to Placees by such other means that they may deem necessary if delivery or settlement is not possible or practicable within the CREST system or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Following the close of the Bookbuilding, each Placee to be allocated Placing Shares in the Placing will be sent a Form of Confirmation stating the number of Placing Shares allocated to them at the Placing Price, the aggregate amount owed by such Placee to the Joint Bookrunners and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions in respect of the Placing Shares that it has in place with the relevant Joint Bookrunner.

The Company will deliver the Placing Shares to a CREST account operated by the relevant Joint Bookrunner as agent for the Company and the relevant Joint Bookrunner will enter its delivery instruction into the CREST system. The input to CREST by a Placee of a matching or acceptance instruction will then allow delivery of the relevant Placing Shares to that Placee against payment.

It is expected that settlement in respect of the Placing Shares will take place on 21 April 2020 on a delivery versus payment basis.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by the Joint Bookrunners.

Each Placee is deemed to agree that, if it does not comply with these obligations, the relevant Joint Bookrunners may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Joint Bookrunners' account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and will be required to bear any stamp duty or stamp duty reserve tax or other taxes or duties (together with any interest or penalties) imposed in any jurisdiction which may arise upon the sale of such Placing Shares on such Placee's behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the Form of Confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are issued in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax. If there are any circumstances in which any stamp duty or stamp duty reserve tax or other similar taxes or duties (including any interest and penalties relating thereto) is payable in respect of the allocation, allotment, issue,

sale, transfer or delivery of the Placing Shares (or, for the avoidance of doubt, if any stamp duty or stamp duty reserve tax is payable in connection with any subsequent transfer of or agreement to transfer Placing Shares), none of the Joint Bookrunners nor the Company shall be responsible for payment thereof.

### **Representations, warranties, undertakings and acknowledgements**

By participating in the Placing each Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Joint Bookrunners (in their capacity as joint bookrunners and placing agents of the Company in respect of the Placing) and the Company, in each case as a fundamental term of their application for Placing Shares, the following:

1. it has read and understood this Announcement in its entirety and its acquisition of Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein and it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with the Placing, the Company, the Placing Shares or otherwise other than the information contained in the Placing Documents and the Publicly Available Information;
2. the Ordinary Shares are listed on the premium listing segment of the Official List and are admitted to trading on the main market of the London Stock Exchange and that the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the FCA, which includes a description of the Company's business and the Company's financial information, including balance sheets and income statements, and that it is able to obtain or has access to such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded companies, without undue difficulty;
3. to be bound by the terms of the articles of association of the Company;
4. the person whom it specifies for registration as holder of the Placing Shares will be (a) itself or (b) its nominee, as the case may be. None of the Joint Bookrunners nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax or other similar taxes or duties imposed in any jurisdiction (including interest and penalties relating thereto) ("**Indemnified Taxes**"). Each Placee and any person acting on behalf of such Placee agrees to indemnify the Company and each of the Joint Bookrunners on an after-tax basis in respect of any Indemnified Taxes;
5. neither the Joint Bookrunners nor any of their affiliates, agents, directors, officers and employees accepts any responsibility for any acts or omissions of the Company or any of the directors of the Company or any other person (other than the relevant Joint Bookrunner) in connection with the Placing;
6. time is of the essence as regards its obligations under this Announcement;
7. any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to the Joint Bookrunners;
8. it will not redistribute, forward, transfer, duplicate or otherwise transmit this Announcement or any part of it, or any other presentational or other material concerning the Placing (including electronic copies thereof) to any person and represents that it has not redistributed, forwarded, transferred, duplicated, or otherwise transmitted any such Documents to any person;
9. no prospectus or other offering document is required under the Prospectus Regulation, nor will one be prepared in connection with the Bookbuilding, the Placing or the Placing Shares and it has not received and will not receive a prospectus or other offering document in connection with the Bookbuilding, the Placing or the Placing Shares;
10. in connection with the Placing, the Joint Bookrunners and any of their affiliates acting as an investor for its own account may subscribe for Placing Shares in the Company and in that capacity may retain, purchase or sell for its own account such Placing Shares in the Company and any securities of the Company or related investments and may offer or sell such securities or other investments

otherwise than in connection with the Placing. Accordingly, references in this Announcement to the Placing Shares being issued, offered or placed should be read as including any issue, offering or placement of such shares in the Company to each of the Joint Bookrunners or any of their affiliates acting in such capacity;

11. each of the Joint Bookrunners and their affiliates may enter into financing arrangements and swaps with investors in connection with which each of the Joint Bookrunners and any of their affiliates may from time to time acquire, hold or dispose of such securities of the Company, including the Placing Shares;
12. each of the Joint Bookrunners does not intend to disclose the extent of any investment or transactions referred to in paragraphs 10 and 11 above otherwise than in accordance with any legal or regulatory obligation to do so;
13. none of the Joint Bookrunners or the Company owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement;
14. its participation in the Placing is on the basis that it is not and will not be a client of either of the Joint Bookrunners in connection with its participation in the Placing and that the Joint Bookrunners have no duties or responsibilities to it for providing the protections afforded to their clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of their respective rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
15. the content of the Placing Documents and the Publicly Available Information has been prepared by and is exclusively the responsibility of the Company and neither the Joint Bookrunners nor their respective affiliates, agents, directors, officers or employees nor any person acting on behalf of any of them is responsible for or has or shall have any responsibility or liability for any information, representation or statement contained in, or omission from, this Announcement, the Publicly Available Information or otherwise nor will they be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this Announcement, the Publicly Available Information or otherwise, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by such person;
16. the only information on which it is entitled to rely and on which such Placee has relied in committing itself to subscribe for Placing Shares is contained in the Placing Documents or any Publicly Available Information (save that in the case of Publicly Available Information, a Placee's right to rely on that information is limited to the right that such Placee would have as a matter of law in the absence of this paragraph 15(a)), such information being all that such Placee deems necessary or appropriate and sufficient to make an investment decision in respect of the Placing Shares;
17. it has neither received nor relied on any other information given, or representations, warranties or statements, express or implied, made, by any of the Joint Bookrunners or the Company nor any of their respective affiliates, agents, directors, officers or employees acting on behalf of any of them (including in any management presentation delivered in respect of the Bookbuilding) with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of any information contained in the Placing Documents, or the Publicly Available Information or otherwise;
18. none of the Joint Bookrunners, nor the Company, nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has provided, nor will provide, it with any material or information regarding the Placing Shares or the Company or any other person other than the information in the Placing Documents or the Publicly Available Information; nor has it requested any of the Joint Bookrunners, the Company, any of their respective affiliates or any person acting on behalf of any of them to provide it with any such material or information;
19. none of the Joint Bookrunners nor the Company will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement, provided that

nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;

20. it may not rely, and has not relied, on any investigation that the Joint Bookrunners, any of its affiliates or any person acting on their behalf, may have conducted with respect to the Placing Shares, the terms of the Placing or the Company, and none of such persons has made any representation, express or implied, with respect to the Company, the Placing, the Placing Shares or the accuracy, completeness or adequacy of the information in the Placing Documents, the Publicly Available Information or any other information;
21. in making any decision to subscribe for Placing Shares it:
  - (a) has such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for the Placing Shares;
  - (b) will not look to the Company, Joint Bookrunners or any of their respective affiliates for all or part of any such loss it may suffer;
  - (c) is experienced in investing in securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of an investment in the Placing Shares;
  - (d) is able to sustain a complete loss of an investment in the Placing Shares;
  - (e) has no need for liquidity with respect to its investment in the Placing Shares;
  - (f) has made its own assessment and has satisfied itself concerning the relevant tax, legal, currency and other economic considerations relevant to its investment in the Placing Shares; and
  - (g) has conducted its own due diligence, examination, investigation and assessment of the Company, the Placing Shares and the terms of the Placing and has satisfied itself that the information resulting from such investigation is still current and relied on that investigation for the purposes of its decision to participate in the Placing;
22. it is subscribing for the Placing Shares for its own account or for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the acknowledgements, representations and agreements contained in this Announcement;
23. it is acting as principal only in respect of the Placing or, if it is acting for any other person, it is:
  - (a) duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person; and
  - (b) will remain liable to the Company and/or the Joint Bookrunners for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);
24. it and any person acting on its behalf is entitled to subscribe for the Placing Shares under the laws and regulations of all relevant jurisdictions that apply to it and that it has fully observed such laws and regulations, has capacity and authority and is entitled to enter into and perform its obligations as a subscriber of Placing Shares and will honour such obligations, and has obtained all such governmental and other guarantees, permits, authorisations, approvals and consents which may be required thereunder and complied with all necessary formalities to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Announcement) and will honour such obligations and that it has not taken any action or omitted to take any action which will or may result in the Joint Bookrunners, the Company or any of their respective directors, officers, agents, employees or advisers acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Placing;
25. where it is subscribing for Placing Shares for one or more managed accounts, it is authorised in writing by each managed account to subscribe for the Placing Shares for each managed account;

26. it irrevocably appoints any duly authorised officer of the Joint Bookrunners as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares for which it agrees to subscribe for upon the terms of this Announcement;
27. the Placing Shares have not been and will not be registered or otherwise qualified and that a prospectus will not be cleared in respect of any of the Placing Shares under the securities laws or legislation of the United States, Australia, Canada, Japan or the Republic of South Africa, or any state, province, territory or jurisdiction thereof;
28. the Placing Shares may not be offered, sold, or delivered or transferred, directly or indirectly, in or into the above jurisdictions or any jurisdiction (subject to certain exceptions) in which it would be unlawful to do so and no action has been or will be taken by any of the Company, the Joint Bookrunners or any person acting on behalf of the Company or the Joint Bookrunners that would, or is intended to, permit a public offer of the Placing Shares in the United States, Australia, Canada, Japan or the Republic of South Africa or any country or jurisdiction, or any state, province, territory or jurisdiction thereof, where any such action for that purpose is required;
29. no action has been or will be taken by any of the Company, the Joint Bookrunners or any person acting on behalf of the Company or the Joint Bookrunners that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;
30. unless otherwise specifically agreed with the Joint Bookrunners, it is not and at the time the Placing Shares are subscribed for, neither it nor the beneficial owner of the Placing Shares will be, a resident of, nor have an address in, Australia, Japan, the Republic of South Africa or any province or territory of Canada;
31. it may be asked to disclose in writing or orally to the Joint Bookrunners:
  - (a) if he or she is an individual, his or her nationality; or
  - (b) if he or she is a discretionary fund manager, the jurisdiction in which the funds are managed or owned;
32. unless otherwise specifically agreed with the Joint Bookrunners, it, and any prospective beneficial owner for whose account or benefit it is purchasing the Placing Shares is (i) located outside the United States and is acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S; or (ii) a QIB and will duly execute a US investor letter and deliver the same to one of the Joint Bookrunners or its affiliates;
33. it has not been offered to purchase or subscribe for Placing Shares by means of any "directed selling efforts" as defined in Regulation S of the US Securities Act or by means of any "general solicitation" or "general advertising" within the meaning of Regulation D;
34. It understands that the Placing Shares offered and sold in the United States are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and, so long as the Placing Shares are "restricted securities", it will not deposit the Placing Shares into any unrestricted depository receipt facility maintained by any depository bank in respect of the Company's shares. It will not reoffer, sell, pledge or otherwise transfer the Placing Shares except: (i) in an offshore transaction in accordance with Regulation S under the Securities Act; (ii) in the United States to QIBs pursuant to Rule 144A or (iii) pursuant to Rule 144 under the Securities Act (if available) or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, in each case in compliance with all applicable securities laws of the United States or any State or other jurisdiction of the United States;
35. it understands that the Placing Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold, directly or indirectly, in or into or from the United States except pursuant to an effective registration under the US Securities Act or pursuant to an exemption from the registration requirements of the US Securities Act and in accordance with applicable state securities laws;

36. it will not distribute, forward, transfer or otherwise transmit this Announcement or any part of it, or any other presentational or other materials concerning the Placing in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
37. if in a member state of the EEA or the United Kingdom, unless otherwise specifically agreed with the Joint Bookrunners in writing, it is a Qualified Investor;
38. it has not offered or sold and will not offer or sell any Placing Shares to persons in the EEA except to Qualified Investors or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the EEA within the meaning of the Prospectus Regulation;
39. if a financial intermediary, as that term is used in the Prospectus Regulation, the Placing Shares subscribed for by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA which has implemented the Prospectus Regulation other than Qualified Investors, or in circumstances in which the prior consent of the Joint Bookrunners has been given to each proposed offer or resale;
40. if in the United Kingdom, that it is a person (i) having professional experience in matters relating to investments who falls within the definition of "investment professionals" in Article 19(5) of the Order or (ii) who falls within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc") of the Order, or (iii) to whom it may otherwise lawfully be communicated;
41. it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the Financial Services and Markets Act 2000, as amended ("**FSMA**");
42. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and it acknowledges and agrees that the Placing Documents have not and will not have been approved by either Joint Bookrunner in its capacity as an authorised person under section 21 of the FSMA and it may not therefore be subject to the controls which would apply if it was made or approved as a financial promotion by an authorised person;
43. it has complied and will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all applicable provisions in FSMA and MAR) in respect of anything done in, from or otherwise involving, the United Kingdom);
44. if it is a pension fund or investment company, its subscription for Placing Shares is in full compliance with applicable laws and regulations;
45. it has complied with its obligations under the Criminal Justice Act 1993 and Articles 8, 10 and 12 of MAR and in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency having jurisdiction in respect thereof (the "**Regulations**") and the Money Laundering Sourcebook of the FCA and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
46. in order to ensure compliance with the Regulations, each of the Joint Bookrunners (for itself and as agent on behalf of the Company) or the Company's registrars may, in its absolute discretion, require verification of its identity. Pending the provision to the relevant Joint Bookrunner or the Company's

registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at the relevant Joint Bookrunner's absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at the relevant Joint Bookrunner's or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identify the relevant Joint Bookrunner (for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, either the relevant Joint Bookrunner and/or the Company may, at its absolute discretion, terminate its commitment in respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;

47. the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer Placing Shares into a clearance service;
48. it (and any person acting on its behalf) has the funds available to pay for the Placing Shares for which it has agreed to subscribe and acknowledges and agrees that it will make payment in respect of the Placing Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as the Joint Bookrunners may in their sole discretion determine and without liability to such Placee, who will remain liable for any amount by which the net proceeds of such sale falls short of the product of the relevant Placing Price and the number of Placing Shares allocated to it and will be required to bear any stamp duty, stamp duty reserve tax or other taxes or duties (together with any interest, fines or penalties) imposed in any jurisdiction which may arise upon the sale of such Placee's Placing Shares;
49. any money held in an account with the relevant Joint Bookrunner on behalf of the Placee and/or any person acting on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under the FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules: as a consequence this money will not be segregated from the relevant Joint Bookrunner's money in accordance with the client money rules and will be held by it under a banking relationship and not as trustee;
50. its allocation (if any) of Placing Shares will represent a maximum number of Placing Shares which it will be entitled, and required, to subscribe for, and that the Joint Bookrunners or the Company may call upon it to subscribe for a lower number of Placing Shares (if any), but in no event in aggregate more than the aforementioned maximum;
51. none of the Joint Bookrunners, nor any of its affiliates, nor any person acting on behalf of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing;
52. if it has received any 'inside information' (for the purposes of MAR and section 56 of the Criminal Justice Act 1993) in relation to the Company and its securities in advance of the Placing, it confirms that it has received such information within the market soundings regime provided for in article 11 of MAR and associated delegated regulations and it has not:
  - (a) used that inside information to acquire or dispose of securities of the Company or financial instruments related thereto or cancel or amend an order concerning the Company's securities or any such financial instruments;
  - (b) used that inside information to encourage, require, recommend or induce another person to deal in the securities of the Company or financial instruments related thereto or to cancel or amend an order concerning the Company's securities or such financial instruments; or
  - (c) disclosed such information to any person, prior to the information being made publicly available;

53. the rights and remedies of the Company and the Joint Bookrunners under the terms and conditions in this Announcement are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others; and
54. these terms and conditions of the Placing and any agreements entered into by it pursuant to the terms and conditions of the Placing, and all non-contractual or other obligations arising out of or in connection with them, shall be governed by and construed in accordance with the laws of England and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract (including any dispute regarding the existence, validity or termination of such contract or relating to any non-contractual or other obligation arising out of or in connection with such contract), except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by either the Company or the Joint Bookrunners in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

The foregoing representations, warranties, confirmations, acknowledgements, agreements and undertakings are given for the benefit of the Company as well as each of the Joint Bookrunners and are irrevocable. The Joint Bookrunners, the Company and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, confirmations, acknowledgements, agreements and undertakings. Each prospective Placee, and any person acting on behalf of such Placee, irrevocably authorises the Company and the Joint Bookrunners to produce this Announcement, pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify on an after tax basis and hold the Company, the Joint Bookrunners and their respective affiliates, agents, directors, officers and employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Announcement or incurred by the Joint Bookrunners, the Company or each of their respective affiliates, agents, directors, officers or employees arising from the performance of the Placees' obligations as set out in this Announcement, and further agrees that the provisions of this Announcement shall survive after completion of the Placing.

#### **Taxation**

The agreement to allot and issue Placing Shares to Placees (and/or to persons for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct from the Company for the Placing Shares in question. Such agreement also assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to issue or transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax or other similar taxes or duties may be payable, for which neither the Company nor the Joint Bookrunners will be responsible and the Placees shall indemnify the Company and the Joint Bookrunners on an after-tax basis for any stamp duty or stamp duty reserve tax or other similar taxes or duties (together with interest, fines and penalties) in any jurisdiction paid by the Company or the Joint Bookrunners in respect of any such arrangements or dealings. If this is the case, each Placee should seek its own advice and notify the Joint Bookrunners accordingly. Placees are advised to consult with their own advisers regarding the tax aspects of the subscription for Placing Shares.

The Company and the Joint Bookrunners are not liable to bear any taxes that arise on a sale of Placing Shares subsequent to their acquisition by Placees, including any taxes arising otherwise than under the laws of the United Kingdom or any country in the EEA. Each prospective Placee should, therefore, take its own advice as to whether any such tax liability arises and notify the Joint Bookrunners and the Company accordingly. Furthermore, each prospective Placee agrees to indemnify on an after-tax basis and hold each of the Joint Bookrunners and/or the Company and their respective affiliates harmless from any and all interest, fines or penalties in relation to stamp duty, stamp duty reserve tax and all other similar duties or taxes in any

jurisdiction to the extent that such interest, fines or penalties arise from the unreasonable default or delay of that Placee or its agent.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable, whether inside or outside the UK, by them or any other person on the subscription, acquisition, transfer or sale by them of any Placing Shares or the agreement by them to subscribe for, acquire, transfer or sell any Placing Shares.

No statement in the Placing Documents is intended to be a profit forecast or estimate, and no statement in the Placing Documents should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The Placing Shares to be issued pursuant to the Placing will not be admitted to trading on any stock exchange other than the premium segment of the main market, a market operated by the London Stock Exchange plc.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, the Placing Documents.

## APPENDIX II

### DEFINITIONS

The following definitions apply in Appendix I to this Announcement, and as the context shall admit, in the Announcement:

Announcement	this Announcement, including this Appendix and the terms and conditions set out herein;
Bookbuilding	the bookbuilding process to be conducted by the Joint Bookrunners to arrange participation by Placees in the Placing;
BST	British Summer Time;
Company	The Gym Group plc;
CREST	the computerised settlement system to facilitate transfer of the title to an interest in securities in uncertificated form operated by Euroclear UK & Ireland;
EEA	European Economic Area;
Euroclear UK & Ireland	Euroclear UK & Ireland Limited;
FCA	the Financial Conduct Authority;
Form of Confirmation	the form of confirmation or contract note made between the Joint Bookrunners (as the case may be) and the Placees which incorporate by reference the terms and conditions of the Placing contained in this Announcement;
FSMA	the Financial Services and Markets Act 2000;
Group	the Company and its subsidiary undertakings (and "Group Company" shall be construed accordingly);
Joint Bookrunners	Numis and Peel Hunt;
Listing Rules	means the publication entitled "The Listing Rules" produced by the FCA and incorporating the listing rules made by the FCA for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of the admission of securities to the Official List otherwise than in accordance with Part VI of the FSMA;
London Stock Exchange	London Stock Exchange plc;
MAR	the EU Market Abuse Regulation (2014/596/EU);
Numis	Numis Securities Limited ;
Official List	means the Official List of the FCA, being the list maintained by the FCA in accordance with Section 74(1) of the FSM Act for the purposes of Part VI of the FSM Act;
Ordinary Shares	ordinary shares of 0.01 pence each in the capital of the Company;
Peel Hunt	Peel Hunt LLP;

Placees	persons who agree to subscribe for Placing Shares at the Placing Price;
Placing	the conditional placing of the Placing Shares by the Joint Bookrunners on behalf of the Company at the Placing Price, in accordance with the Placing Agreement;
Placing Agreement	the agreement dated 16 April 2020 between the Company, Peel Hunt and Numis relating to the Placing;
Placing Price	The price payable per Placing Share to be agreed between the Company, Peel Hunt and Numis;
Placing Shares	the new Ordinary Shares to be issued pursuant to the Placing; and
United States	means the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof.