



CODEMASTERS®

ADMISSION DOCUMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, or the action you should take, you should seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended from time to time) ("FSMA") if you are in the United Kingdom or, if not, from another appropriately authorised independent adviser who specialises in advising on the acquisition of shares and other securities.

The Company and each of the Directors, details of which and whom appear on page 7 of this Document, accept responsibility for the information contained in this Document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been prepared in connection with the proposed admission of the Enlarged Share Capital to trading on AIM, a market operated by the London Stock Exchange plc.

The Company is not making an offer of transferable securities to the public within the meaning of section 102B of FSMA. This Document does not constitute a prospectus within the meaning of section 85 of FSMA, has not been drawn up in accordance with the Prospectus Rules published by the Financial Conduct Authority ("FCA") and a copy has not, and will not be, approved or filed with the FCA. The Shares will not be admitted to the Official List or to any recognised investment exchange apart from AIM and no such other applications have been or are intended to be made.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required, pursuant to the AIM Rules for Companies, to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Document. The AIM Rules are less demanding than those of the Official List.

Application has been made for the Enlarged Share Capital to be admitted to trading on AIM. The Directors expect that Admission will become effective and that dealings in the Shares will commence on AIM at 8.00 a.m. on 1 June 2018.

Your attention is drawn to the section entitled "Risk Factors" set out in Part II of this Document. All statements regarding the Company and the Group should be viewed in light of these risk factors. **Prospective investors in the Company should read the whole text of this Document.**



CODEMASTERS®

CODEMASTERS GROUP HOLDINGS PLC

(Incorporated in England and Wales under the Companies Act 1985 with registration number 06123106)

PLACING OF 7,500,000 NEW SHARES AND 85,000,000 SALE SHARES BOTH AT A PRICE OF 200 PENCE PER SHARE AND ADMISSION OF THE ENLARGED SHARE CAPITAL TO TRADING ON AIM

Nominated Adviser and Broker

LIBERUM

Liberum Capital Limited

No liability whatsoever is accepted by Liberum for the accuracy of any information or opinions contained in this Document, or for the omission of any material information, for which the Company and the Directors are solely responsible.

Liberum, which is authorised and regulated in the United Kingdom by the FCA and is a member of the London Stock Exchange, is the Company's Nominated Adviser and Broker in connection with the Admission for the purposes of the AIM Rules and is acting exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Liberum or for advising any other person in respect of the contents of this Document or on any transaction or arrangement referred to in this Document. The responsibilities of Liberum as nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director or to any other person. Prospective investors should rely only on the information in this Document. No person has been authorised to give any information or make any representations other than those contained in this Document and, if given or made, such information or representations must not be relied upon as having been so authorised. No representation or warranty, express or implied, is made by Liberum as to any of the contents of this Document and no liability is accepted by Liberum for the accuracy of any information or opinions contained in this Document.

A copy of this Document is available (subject to certain restrictions relating to persons resident in Restricted Jurisdictions) on the Company's website – www.codemasters.com. Neither the content of the Company's website nor any website accessible by hyperlink to the Company's website is incorporated in, or forms part of, this Document.

IMPORTANT INFORMATION

This Document has been prepared in connection with the matters described herein, pursuant to and for the purpose of complying with English law and the AIM Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England and Wales. Nothing in this Document should be relied on for any other purpose.

Neither the delivery of this Document or any subsequent subscriptions or purchases made hereunder and at any time subsequent to the date of this Document shall, under any circumstances, create any implication that the information contained in this Document is correct as of any time subsequent to the date of this Document.

An investment in the Company may not be suitable for all recipients of this Document. Any such investment is speculative and involves a high degree of risk. Prospective investors should read the whole of this Document and should carefully consider whether an investment in the Company is suitable for them in light of their circumstances and the financial resources available to them. Attention is drawn, in particular, to the risk factors set out in Part II of this Document. All statements regarding the Company's business, financial position and prospects should be viewed in the light of the risk factors set out in Part II of this Document. All times referred to in this Document are, unless otherwise stated, references to London time.

The contents of this Document are not to be construed as legal, financial, business, investment or tax advice. Each prospective investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice. Prospective investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Placing Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Placing Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Placing Shares. Prospective investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, tax, investment, or any other related matters concerning the Company and an investment therein.

Investors who subscribe for or purchase Placing Shares will be deemed to have acknowledged that: (i) they have not relied on Liberum or any person affiliated with Liberum in connection with any investigation of the accuracy of any information contained in this Document for their investment decision; and (ii) they have relied only on the information contained in this Document, and no person has been authorised to give any information or to make any representation concerning the Company or the Shares (other than as contained in this Document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by or on behalf of the Company, the Directors or Liberum.

FORWARD-LOOKING STATEMENTS

Certain statements in this Document are or may constitute "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "prepares", "anticipates", "expects", "intends", "may", "will" or "should" or their negatives or other variations or comparable terminology. Such forward-looking statements are not based on historical facts but rather reflect the Directors' current beliefs and assumptions and are based on information currently available to management. Such information will include expectations regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, financial condition, liquidity, business prospects and opportunities. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with vulnerability to general economic and business conditions, competition, legal and regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel and other factors, many of which are beyond the control of the Company. These forward-looking statements are subject to, *inter alia*, the risk factors described in Part II of this Document. Although the forward-looking statements contained in this Document are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

These forward-looking statements speak only as at the date of this Document. Subject to any applicable obligations, the Company undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or individuals acting on behalf of the Company are expressly qualified in their entirety by this paragraph and the paragraph immediately preceding it.

ROUNDING, MARKET AND FINANCIAL INFORMATION

Certain figures included in this Document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The data, statistics and information and other statements in this Document regarding the markets in which the Company operates, or its market position therein, are based upon the Company's records or are taken or derived from statistical data and information derived from the sources described in this Document.

Whilst, the Company takes responsibility for accurately compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, neither the Company nor Liberum has independently verified that data. The Company is not aware of any fact or matter which renders such information inaccurate or misleading, but cannot assure investors of the accuracy and completeness of the underlying data that has been compiled, extracted or reproduced.

Certain non-IFRS measures such as operating profit before financing costs, taxation, depreciation, amortisation and any exceptional one-off costs ("**Adjusted EBITDA**") have been included in the financial information as the Directors believe that these provide important alternative measures with which to assess the Group's performance. You should not consider Adjusted EBITDA as an alternative for "Revenue" or "Operating Profit" which are IFRS measures. Additionally, the Company's calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

NO INCORPORATION OF WEBSITES

The contents of the Company's website, including any websites available from hyperlinks on the Company's website, do not form part of this Document.

OVERSEAS SHAREHOLDERS

This Document is being distributed in the United Kingdom and is directed only at: (A)(i) persons having professional experience in matters relating to investments, (i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "**FPO**")); (ii) high net-worth companies, unincorporated associations and other bodies within the meaning of Article 49 of the FPO; and (iii) persons to whom it is otherwise lawful to distribute it; and (B) "**Qualified Investors**" as defined in section 86(7) of FSMA. It is not intended that this Document be distributed or passed on, directly or indirectly, to any other class of person and persons who do not fall within any of these definitions should not rely on this Document nor take any action upon it, but should return it immediately to the Company. This Document is confidential and is being supplied to you solely for your information and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose. By accepting receipt of this Document, you agree to be bound by the limitations and restrictions set out above.

This Document is exempt from the general restriction on the communication of invitations or inducements to enter into investment activity and has therefore not been approved by an authorised person, as would otherwise be required by section 21 of FSMA. Any investment to which this Document relates is available to (and any investment activity to which it relates will be engaged with) only those persons described in (A) or (B) above. Persons who do not fall within the above categories of investor should not take any action nor rely upon this Document.

This Document does not constitute an offer to sell, or a solicitation to buy, Placing Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Document is not for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa

or Japan or any other jurisdiction where to do so would be in breach of any applicable law or regulation. The Placing Shares have not been nor will be registered under the United States Securities Act of 1933, as amended from time to time (the “**Securities Act**”), nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa or Japan. Accordingly, the Placing Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa or Japan, or to, or for the account or benefit of, any US persons (as such term is defined in Regulation S under the Securities Act) or any national, citizen or resident of Canada, Australia, the Republic of South Africa or Japan. The distribution of this Document in certain jurisdictions may be restricted by law. No action has been taken by the Company, the Selling Shareholders or Liberum that would permit a public offer of Placing Shares or possession or distribution of this Document where action for that purpose is required. Persons into whose possession this Document comes 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.

Holding Shares may have implications for overseas Shareholders under the laws of the relevant overseas jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This Document is not a Prospectus for the purposes of the Prospectus Directive 2010/73/EU (the “**Prospectus Directive**”) in relation to each Member State of the European Economic Area (the “**EEA**”) which has implemented the Prospectus Directive (each, a “**Relevant Member State**”). This Document has been prepared on the basis that all offers of the Placing Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a Prospectus in connection with offers of the Placing Shares. Accordingly, any person making or intending to make any offer within the EEA of Placing Shares which is the subject of the offering contemplated in this Document should only do so in circumstances in which no obligation arises for the Company or Liberum to produce a Prospectus for such offer. Neither the Company nor Liberum has authorised, nor will any of them authorise, the making of any offer of the Placing Shares through any financial intermediary, other than offers made by Liberum which constitute the final placing of the Placing Shares contemplated in this Document.

GOVERNING LAW

Unless otherwise stated, statements made in this Document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

CURRENCY PRESENTATION

All references in this Document to “**Sterling**”, “**£**” and “**pence**” are to the lawful currency of the UK.

All references in this Document to “**US\$**” and “**\$**” are to the lawful currency of the United States of America.

All references in this Document to “**EU€**” and “**€**” are to the lawful currency of the member states of the EU that have adopted and retained a common single currency through monetary union in accordance with EU treaty law.

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PLACING STATISTICS AND DEALING CODES

Placing Price per Placing Share	200 pence
Total number of Existing Shares	132,500,000
Total number of Shares in the Placing:	
i. to be issued by the Company (the “ New Shares ”)	7,500,000
ii. to be sold by the Selling Shareholders (the “ Sale Shares ”)	85,000,000
Enlarged Share Capital on Admission*	140,000,000
Number of Shares subject to Share Options immediately following the Placing and Admission	4,200,000
Market capitalisation of the Company at the Placing Price immediately following Admission	£280 million
New Shares as a percentage of the Enlarged Share Capital*	5.4 per cent.
Sale Shares as a percentage of the Enlarged Share Capital**	60.7 per cent.
Gross proceeds of the Placing receivable by the Company*	£15.0 million
Estimated cash proceeds of the Placing receivable by the Company* (net of commissions, fees and expenses)	£13.3 million
Gross proceeds of the Placing receivable by the Selling Shareholders**	£170 million
Estimated cash proceeds of the Placing receivable by the Selling** Shareholders (net of commissions, fees and expenses)	£163.2 million
ISIN	GB00BFWZ2G72
SEDOL	BFWZ2G7
AIM Symbol	CDM
LEI	213800NOITSDQVNP5W91

* assuming all New Shares are subscribed for in the Placing

** assuming all Sale Shares are acquired in the Placing

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	29 May 2018
Expected Admission and commencement of dealings in the Enlarged Share Capital on AIM	8.00 a.m. on 1 June 2018
CREST accounts credited with the Placing Shares (where applicable)	8.00 a.m. on 1 June 2018
Dispatch of definitive share certificates for Placing Shares (where applicable)	within 10 business days of Admission

Note:

Save in relation to the date on which this Document is published, each of the dates in the above timetable is subject to change at the absolute discretion of the Company and Liberum without further notice. All times are London times unless otherwise stated.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Gerhard Florin Frank Sagnier Rashid Varachia Ian Gomes Shibasish Sarkar	<i>Independent Non-Executive Chairman</i> <i>Chief Executive Officer</i> <i>Chief Financial Officer</i> <i>Independent Non-Executive Director</i> <i>Non-Executive Director</i>
Company Secretary	Elysium Fund Management Limited PO Box 650 1st Floor, Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 3JX	
Registered Office	Codemasters Campus Stoneythorpe Southam Warwickshire CV47 2DL	
Website	www.codemasters.com	
Nominated Adviser and Broker	Liberum Capital Limited Ropemaker Place Level 12 25 Ropemaker Street London EC2Y 9LY	
Legal advisers to the Company as to English law	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU	
Legal advisers to the Company as to Malaysian law	SY Ho & Partners Advocates and Solicitors Unit A1 – 2 – 5 No.1 Jalan Dutamas 1 Solaris Dutamas 50480 Kuala Lumpur	
Legal advisers to the Nominated Adviser and Broker	Dorsey & Whitney (Europe) LLP 199 Bishopsgate London EC2M 3UT	
Reporting Accountants and Auditors (from the date of Admission) to the Company	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG	

Historic Auditors to the Company

Nagle James Associates Limited
15 College Road
Harrow
Middlesex
HA1 1BA

Malde & Co
99 Kenton Road
Harrow
Middlesex
HA3 0AN

Financial Public Relations

Alma PR
71-91 Aldwych
London
WC2B 4HN

Registrars

Link Market Services Limited (trading as Link Asset Services)
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

DEFINITIONS

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

“Act”	the Companies Act 2006, as amended from time to time
“Admission”	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
“Admission Document” or “Document”	this document
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the London Stock Exchange’s rules and guidance notes contained in its “AIM Rules for Companies” publication relating to companies whose securities are traded on AIM, as amended from time to time
“AIM Rules for Nominated Advisers”	the London Stock Exchange’s rules and guidance notes contained in its “AIM Rules for Nominated Advisers” publication relating to the nominated advisers to companies whose securities are traded on AIM, as amended from time to time
“Articles”	the articles of association of the Company as at the date of this Document, as described in Part VII of this Document
“Audit Committee”	the audit committee duly authorised by the Board
“Board” or “Directors”	the directors of the Company, whose names are set out on page 7 of this Document
“City Code”	the UK City Code on Takeovers and Mergers as amended from time to time
“Company”	Codemasters Group Holdings plc, a company incorporated in England and Wales with company number 06123106
“CREST”	the Relevant System (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertified form in respect of which Euroclear is the Operator (as defined in the Crest Regulations)
“CREST Manual”	the CREST manual referred to in the agreements entered into with Euroclear
“CSCL”	The Codemasters Software Company Limited, a direct subsidiary of the Company, incorporated in England and Wales with registered number 02044132
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of FSMA, as amended from time to time, and contained in the UKLA publication of the same name
“EEA”	the European Economic Area
“Enlarged Share Capital”	the Shares in issue at Admission, comprising the Existing Shares and the New Shares
“ESMA”	the European Securities and Markets Authority
“ESOP”	The Codemasters Employee Share Option Plan to be adopted by resolution of the directors of the Company on Admission, further details of which can be found in paragraph 4 of Part VII of this Document
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 02878738

“Executive Directors”	Frank Sagnier and Rashid Varachia
“Executive Management Team”	the Executive Directors and Management
“Existing Shares”	the 132,500,000 issued Shares of the Company as at the date of this Document
“FCA”	the Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time
“Group” or “Codemasters”	the Company and its subsidiaries from time to time
“HMRC”	Her Majesty’s Revenue and Customs
“IFRS”	International Financial Reporting Standards as adopted by the EU
“ISIN”	International Securities Identification Number
“ITEPA 2003”	the Income Tax (Earnings and Pensions) Act 2003 (as amended from time to time)
“Liberum”	Liberum Capital Limited, the Company’s Nominated Adviser and Broker
“Lock-in Agreements”	the lock-in and orderly market agreements entered into by: (i) the Executive Directors, Management, Liberum and the Company; and (ii) Reliance, Liberum and the Company, as described in paragraphs 12.4 and 12.5 of Part VII of this Document
“London Stock Exchange”	London Stock Exchange plc
“LTIP”	The Codemasters Long Term Incentive Plan to be adopted by resolution of the directors of the Company on Admission, further details of which can be found in paragraph 4 of Part VII of this Document
“Management”	Ian Hocking and Jonathan Bunney
“MAR”	the Market Abuse Regulation (EU) (596/2014) (incorporating the technical standards, delegated regulations and guidance notes, published by the European Commission, the London Stock Exchange, the FCA and ESMA)
“NED Plan”	The Codemasters Non-Executive Director Plan to be adopted by resolution of the directors of the Company on Admission, further details of which can be found in paragraph 4 of Part VII of this Admission Document
“New Shares”	up to 7,500,000 new Shares to be issued to the Placees at the Placing Price pursuant to the Placing
“Nil Cost Options”	share options granted under the LTIP with a nominal exercise price details of which can be found in paragraph 4 of Part VII of this Document
“Official List”	the Official List of the UK Listing Authority
“Options”	share options granted under the ESOP details of which can be found in paragraph 4 of Part VII of this Document
“Participants”	any employee or non-executive director contracted by the Group who is awarded Shares or granted options under the Share Incentive Awards Plans
“Placees”	a subscriber or purchaser of Placing Shares pursuant to the Placing

“Placing”	the conditional placing of the Placing Shares by Liberum as agent for the Company at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 29 May 2018 between the Company, the Directors, Reliance, Management and Liberum relating to the Placing, a summary of which is set out at paragraph 12.1 of Part VII of this Document
“Placing Price”	200 pence per Placing Share
“Placing Shares”	the New Shares to be issued and the Sale Shares to be sold pursuant to the Placing
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament as amended from time to time (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State, and any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU)
“Prospectus Rules”	the prospectus rules issued by the FCA
“QCA Code”	the Corporate Governance Code for Small and Mid-size Quoted Companies 2018, published in April 2018 by the Quoted Companies Alliance
“Registrars”	Link Market Services Limited (trading as Link Asset Services)
“Registrar Agreement”	the registrar agreement dated 14 May 2018 between the Company and the Registrar, a summary of which is set out in paragraph 12.3 of Part VII of this Document
“Relationship Agreement”	the relationship agreement dated 29 May 2018 between the Company and Reliance, a summary of which is set out in paragraph 12.6 of Part VII of this Document
“Relevant Member State”	each Member State of the EEA which has implemented the Prospectus Directive
“Reliance”	Reliance Big Entertainment (Singapore) Pte. Ltd
“Remuneration Committee”	the remuneration committee duly authorised by the Board
“Restricted Jurisdiction”	any jurisdiction where distribution of this Document would violate the laws of that jurisdiction including but not limited to the US, Australia, Canada, Japan and the Republic of South Africa
“Sale Shares”	the 85,000,000 Existing Shares to be sold by the Selling Shareholders pursuant to the Placing
“SAYE Scheme”	any save as you earn scheme which meets the conditions of Schedule 3 ITEPA 2003 as may be implemented by the Company
“Selling Shareholders”	Reliance, Frank Sagnier, Rashid Varachia, Jonathan Bunney and Ian Hocking
“Share Incentive Awards”	awards to acquire Shares under any of the Share Incentive Awards Plans
“Share Incentive Awards Plans”	the LTIP, the ESOP, the NED Plan and the SAYE scheme
“Share Option”	means any Nil Cost Option or Option granted on Admission under either the LTIP or the ESOP as the case may be
“Shares”	the ordinary shares of 1 pence each in the capital of the Company
“Shareholders”	the persons who are registered as the holders of Shares from time to time
“Takeover Panel”	the UK Panel on Takeovers and Mergers
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland

**“UK Listing Authority” or
“UKLA”**

the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA

**“uncertificated” or “in
uncertificated form”**

recorded on the register of Shares as being held in uncertificated form in CREST, entitlement to which by virtue of the CREST Regulations, may be transferred by means of CREST

“US” or “United States”

the United States of America, its territories and possessions, any states of the United States of America and the District of Columbia and other areas subject to its jurisdiction

GLOSSARY

AAA	“AAA” is an informal classification given to console and PC video games with typical investment of greater than \$10 million in development and production. It is the video game equivalent of a ‘blockbuster’ movie
AI	artificial intelligence
Apple	Apple Inc.
Android	a mobile operating system developed by Google
ARPU	average revenue per user
BAFTA	the British Academy of Film and Television Arts
CAGR	compound annual growth rate
COGS	cost of goods sold
digital platform	an online gaming and media content distribution service, usually including elements of community (e.g. Sony’s PlayStation Network, Xbox Live, STEAM)
digital retailer	a store that sells games by digital download. These are usually platform specific and predominantly run by the platform owners for console (e.g. PlayStation Store, Xbox Store, Nintendo eShop). For PC there are multiple retailers (including Green Man Gaming, Humble Bundle, Codemasters Digital Store)
DX12	an application programming interface (API) for handling tasks related to multimedia, especially game programming and video, on Microsoft platforms
EA	Electronic Arts Inc.
EGO	Codemasters’ proprietary game development technology
eSports	eSports is a form of competition using video games. Most commonly, eSports take the form of organised, multiplayer video game competitions, often involving live events and prizes
expansion pack	an expansion pack is an addition to an existing video game, which solely consists of additional content and/or features. These additions usually add new game areas, objects, characters and/or an extended storyline to an already released game
franchise	a collection of related games in which several derivative works have been produced following an original
free-to-play	a model for online games in which the gamer is not charged in order to play the game. Instead, revenue is achieved through advertisements or in-game-transactions of monetary value
F1	Formula One
FTE	full time equivalent employee
full game	the full content of a game made available at the initial launch, rather than an expansion designed to supplement and add content to a game already owned
Fuze	Fuze Entertainment’s Fuze 1 console
FY	a financial year ending on 31 March
game and/or video game	a game played by electronically manipulating images produced by a computer program on a monitor or other forms of visual display units
game developer	a developer of video games
gamer and/or video gamer	an end-user or consumer of video games

games as a service	a business model whereby games receive developer post-release support, including multiplayer hosting, community management, post-release patching, downloadable content and expansions
Google	Google LLC
iOS	the mobile operating system developed, sold, and distributed by Apple
in-game-transactions	in-game-transactions enable users to purchase virtual goods (such as new content or customisation items) or services (such as game modes or tournaments). Such transactions are often used in games to provide a revenue source for the developers
IP	intellectual property
Koch Media	Koch Media GmbH, a company owned by THQ Nordic AB
Linux	a family of free and open-source software operating systems designed for use on a variety of computers and other devices
Mac	the Macintosh family of personal computers designed, manufactured and sold by Apple
Metacritic	Metacritic is a website that aggregates reviews of video games amongst other things. The scores from each review (by platform) are averaged, using a weighting according to the reviewing publications' stature and volume of reviews. References in this Document to Metacritic scores are as at 9 May 2018.
Microsoft	Microsoft Corporation
Nintendo	Nintendo Co., Ltd
PC	personal computer
platform	the gaming system for a specific version of the game (e.g. PlayStation 4, Xbox One, PC STEAM, Nintendo and mobile devices)
PlayStation Now	a cloud gaming service developed by Sony, allowing users to pay for access to a selection of original PS3 and PS4 games via a paid subscription
PS	Sony Interactive Entertainment's PlayStation
PSN	PlayStation Network
PSP	Sony Interactive Entertainment's PlayStation portable console
PS3	Sony Interactive Entertainment's PlayStation 3 console
PS4	Sony Interactive Entertainment's PlayStation 4 console
QA	quality assurance
RACENET	Codemasters' RACENET technology is a suite of proprietary tools used to provide user insights and additional functionality to increase player engagement
set-top box	a device that generally contains a TV-tuner input and displays output to a television set, typically used in cable television, satellite television and over-the-air television systems
smart TV	an internet-connected television offering a range of built in online features
Sony	Sony Corporation
STEAM	a PC distribution partner operated by Valve Corporation
SUBOR	Zhuhai SUBOR Advanced Technology Co. Ltd
SXSW	South by Southwest is an annual conglomerate of film, interactive media, music festivals and conferences that take place in mid-March in Austin, Texas, USA

Tencent	Shenzhen Tencent Computer Systems Company Limited and/or Shenzhen Tencent Information Technology Company Limited
TIGA	the Independent Game Developers' Association, a network for games developers and digital publishers and a trade association representing the video games industry
VGTR	video games tax relief, which allows UK game developers to claim back approximately 20 per cent. of their qualifying production costs. To be eligible for VGTR, the game must pass the British Film Institute (BFI) cultural test and the developer must be responsible for the majority of the planning, designing, developing and testing of the game
VR	virtual reality
WeGame	previously known as the Tencent Games Platform, WeGame is Tencent's digital sales platform
Wii	Nintendo's Wii console
Wii U	Nintendo's Wii U console
WRC	a racing game series based on the FIA World Rally Championship
Xbox One	Microsoft's Xbox One console, being the third console in the Xbox family and the successor to the Xbox 360
Xbox 360	Microsoft's Xbox 360 console, being the second console in the Xbox family and the successor to the original Xbox
Xbox Game Pass	a subscription service from Microsoft for use with its Xbox One games console
YoY	year on year
3D	three dimensional

PART I

INFORMATION ON THE GROUP

1. Introduction

Codemasters® is a video game developer and publisher, specialising in high quality racing games. Headquartered in Southam, Warwickshire, the Group is one of the most recognised British game developers and publishers, with a 30 year track record of producing successful titles.

The Group has approximately 500 full time employees and operates in three UK locations – Southam (Warwickshire), Birmingham and Runcorn (Cheshire). It also has one overseas location in Kuala Lumpur, which is an art production facility.

Codemasters has a proven track record of video games technology, development and innovation spanning three decades of rapid technological change. The Group has exploited its technology to develop innovative video games across a wide variety of different game genres and platforms, and has established relationships with globally renowned partners including Apple, Microsoft and Sony. In recent years Codemasters has focused exclusively on developing and publishing racing games. The Group currently manages three established franchises in the racing games category, being “DiRT”, “GRID” and “F1”. The IP rights of the “DiRT®” and “GRID®” franchises are owned by Codemasters, and the Group has secured exclusive rights over the IP for its “F1” franchise. Codemasters intends to launch “ONRUSH™”, its fourth franchise, in June 2018 with a view to extending its penetration of the racing games category.

The Company is seeking admission to AIM in order to: (i) raise further the profile of the Group; (ii) assist in the attraction and retention of employees; and (iii) provide the opportunity to consider any appropriate strategic acquisitions should they arise in the future.

The Company is also seeking Admission in order to raise £15.0 million (before expenses) by the issue of 7,500,000 New Shares at the Placing Price. The Placing will also comprise the sale of 85,000,000 Sale Shares at the Placing Price on behalf of the Selling Shareholders. The net proceeds raised from the issue of 7,500,000 New Shares (approximately £13.3 million) will primarily provide the Group with additional working capital but, together with existing cash resources and future operational cash flow, will generally facilitate the implementation of the Group’s strategy which is set out in paragraph 8 of this Part I. Further details of the Placing and the Company’s intended use of proceeds are set out in paragraphs 13 and 12 of this Part I respectively.

2. Key Strengths

The Directors believe the Group’s key strengths are as follows:

- **three decades creating racing games** – more than 30 years’ experience of creating high quality games, including BAFTA award winning titles and several of the most critically acclaimed racing games of the current generation of consoles;
- **highly experienced and respected management** – the Company’s Executive Management Team, led by CEO Frank Sagnier, has many years of senior level industry experience in both large corporations and smaller independent businesses. The executive management team has led the Group’s turnaround over recent years and has a clear growth strategy;
- **proprietary multi-platform technology** – Codemasters’ proprietary technologies (including “EGO®” and “RACENET™”), which have been built and improved upon consistently over the past 10 years, enable the Group to produce high quality racing games in a timely and cost efficient way, to maximise engagement with gamers;
- **balanced racing portfolio** – a portfolio of both owned (including “DiRT”, “GRID” and “ONRUSH”) and licensed racing IP, which ensures lower volatility of earnings and a degree of financial predictability;
- **long term relationship with F1** – Codemasters has held the exclusive rights over the IP for its FIA Formula One World Championship franchise since 2009. This licence has recently been renewed until 2021, following the acquisition of F1 by Liberty Media. The Directors believe that this demonstrates the new owners’ confidence in Codemasters’ skills and continued ability to deliver high quality games;

- **relationships with automotive brands** – Codemasters has established relationships with a number of car manufacturers and more than 400 automotive brands across the Group's franchises;
- **loyal community of gamers** – gamers contribute towards the shaping and marketing of Codemasters' games. This mutually beneficial relationship between the Group and its consumers helps to de-risk the launch of new games. This community facilitates ongoing services post launch as consumers provide direct feedback and they also recommend the Group's games to their friends by way of word of mouth and through social media;
- **profitable and established business** – revenue and Adjusted EBITDA (as defined in paragraph 10 of this Part I) of Codemasters has been increasing YoY since 2015 as the Executive Management Team has successfully effected the Group's turnaround through consistent organic growth;
- **established relationships with key platforms and distribution partners** – the Group has established relationships with some of the industry's leading companies including Apple, Google, Koch Media, Microsoft, Nintendo, Sony, STEAM and Tencent, who provide access to the global gaming market; and
- **additional upside growth potential** – the Directors believe that the Group has significant opportunities to capitalise on the growth of the global gaming market and the shift to digital distribution, games as a service, eSports, additional platforms such as mobile, new business models such as subscriptions and growth through strategic acquisition opportunities.

3. History and Background of the Group

Codemasters was founded by the Darling family in 1986, soon establishing its headquarters in Southam, near Leamington Spa in Warwickshire where it remains today on a campus of 38 acres (which Codemasters owns through freehold and leasehold titles).

In 2005, Balderton Capital acquired approximately 42 per cent. of Codemasters Group Limited and increased its shareholding to approximately 70 per cent. in 2006 (which was subsequently exchanged for shares in the Company) before taking full ownership of the Company in 2010. In the same year, Reliance acquired an approximate 50 per cent. stake in the Company from Balderton Capital, increasing its stake to approximately 99 per cent. progressively between 2013 and 2017. In 2018, members of the Executive Management Team acquired 9.5 per cent. of the Existing Shares from Reliance pursuant to the exercise of call options granted to them by Reliance.

Over the years the Group has successfully developed and published a number of owned and licensed franchises across a number of genres including action, adventure, sports, role playing games and puzzle. These legacy franchises include "Overlord", "Operation Flashpoint", "Dizzy", "Sensible Soccer", "Brian Lara Cricket" and "Jonah Lomu Rugby".

However, the Group is best known for the quality and success of its racing games. Early titles included "Grand Prix Simulator", "BMX Simulator" and its first recurring racing franchise, "Micro Machines", which was licensed from Hasbro. In 1997 the Group launched the highly acclaimed "TOCA Touring Car Championship", which evolved to become "GRID" and followed this in 1998 with the iconic "Colin McRae Rally", which would later become "DiRT". Codemasters has received nine BAFTA nominations, two of which resulted in BAFTA wins, for its racing titles in the last 10 years as well as many other prestigious games awards.

In the last decade, Codemasters has attracted and successfully integrated two fully fledged development teams: Swordfish Studios in Birmingham (2008, developing the F1 games); and the ex-Sony Evolution Studios team in Runcorn (2016, developing the new arcade racing game "ONRUSH").

The Group's significant financial growth since the arrival of the Executive Management Team has been driven by a renewed focus on premium quality racing games, strong cost control and a greater understanding of consumer needs, together with a drive to digital distribution and the formation of key strategic partnerships.

4. Franchises

Set out below is a summary of the four key franchises held by the Group with figure 4.2.1 providing screen shots from the latest game belonging to each franchise.

4.1 Existing Franchises

4.1.1 DiRT

The first game in Codemasters' fully owned "DiRT" franchise was launched in 1998 as "Colin McRae Rally". This was broadened from pure rally car racing to off-road racing including buggies and trucks, with the launch of the rebranded "DiRT" in 2007. Critics and consumers consider "DiRT" to be one of the best off-road racing franchises in the industry. "DiRT", "DiRT 2", "DiRT 3" and "DiRT Rally" all earned BAFTA nominations, and "DiRT Rally" and "DiRT 4" are tied as the second highest rated racing games on PS4 across all racing categories (85 per cent. *Metacritic*).

"DiRT 4", the most recent release in this franchise, was also awarded 2017 Racing Game of the Year by Game Informer, a leading US games publication. The franchise has in excess of 450,000 fans on Facebook and over 400,000 monthly active gamers.

4.1.2 GRID

Launched in 1997 as "TOCA Touring Car Championship", the "GRID" series has evolved over time to become a fully owned, highly acclaimed circuit and street racer, separating itself from its competitors in the racing simulation category with its focus on high adrenaline racing. "Race Driver GRID" won the BAFTA for Best Sports Game in 2009, beating titles such as "FIFA 09". "GRID 2" was also nominated at the 2014 BAFTA Awards for Best Sports Game.

The most recent release, "GRID Autosport", has now been released on seven different gaming platforms (PC, Xbox 360, PS3, Mac, Linux, iOS and Fuze (China)). The franchise has in excess of 230,000 Facebook fans. However, no "GRID" title has been launched to date on the current generation consoles.

4.1.3 F1

Codemasters has held exclusive rights to develop the F1 franchise since 2009, and has released games on PS4, PS3, PSP, Xbox One, Xbox 360, Wii, PC, Mac, iOS, tvOS and Android. The F1 games feature every Grand Prix circuit together with all the cars and all the drivers from the world's most popular motorsport. F1 is now owned by Liberty Media who plan to increase the worldwide impact of the sport with additional focus on two of the largest gaming markets, China and the US. The F1 console and PC games have in recent years been released in August each year. The FIA Formula One World Championship season runs from March to November. In future years the Group aims to release the games earlier in the season to capitalise on additional sales opportunities generated by the media coverage of the earlier Grands Prix.

"F1 2017" is the highest rated racing game on PS4 (*Metacritic*) and also picked up awards for Red Bull Sports Game of the Year and Red Bull Racing Game of the Year, together with a nomination for eSports Game of the Year at SXSW. "F1 2016" won the TIGA award for Best Racing Game, and the series won a BAFTA for Best Sports Game in 2011 ("F1 2010") with additional nominations for "F1 2011", "F1 2012" and "F1 2013". "F1 2016" on iOS was featured in the September 2016 Apple Keynote, and described on stage by Phil Schiller, Senior Vice President of Worldwide Marketing at Apple, as "*console level gaming on an iPhone... a breakthrough racing game*". The Codemasters' F1 franchise has in excess of 325,000 Facebook fans and is growing.

4.2 New Franchise

4.2.1 ONRUSH

The "ONRUSH" team joined Codemasters from Sony in April 2016 (previously Evolution Studios), and is developing a new arcade racing IP called "ONRUSH", which is scheduled to be released in June 2018. The development team has an impressive track record of creating racing games, including "WRC", a racing game series based on the FIA World Rally Championship, "Driveclub", a licensed car racing game and one of the highest selling racing titles on PS4, and "Motorstorm", one of the most successful arcade racing series of the previous console generation, which was twice BAFTA nominated.

The most successful arcade racers from PS3 and Xbox 360, which include "Burnout", "Motorstorm" and "Pure", have not launched new titles on current generation consoles and the Directors believe that there is a clear market opportunity to create a new arcade racing franchise.

"ONRUSH" was announced onstage with PlayStation at Paris Games Week in November 2017 and press sentiment appears positive:

- “The ultimate celebration of sensational speed, outright fun and over the top spectacle” – Full Throttle;
- “ONRUSH is a bombastic, entertaining arcade racer that’s pushing the genre in new directions.” – Pushsquare; and
- Featured in Eurogamer’s “50 most exciting games of 2018”.

Figure 4.2.1



Figure 4.2.2

Summary of Franchises

Franchise	DiRT	GRID	ONRUSH	F1
Category	Sports	Simulation	Arcade	Sports
Overview	Off-road racing	Track and street racing	New IP from Evo Studios team, the makers of Motorstorm & Driveclub	F1 racing game
IP	Owned	Owned	Owned	Exclusive license
Latest Title Metacritic rating ^{1 2}	DiRT 4: 85% (PS4) DiRT Rally: 85% (PS4)	GRID Autosport: 75% (PS3) GRID 2: 82% (PS3)	Driveclub ³ : 71% (PS4) Motorstorm Apocalypse ³ : 77% (PS3)	F1 2017: 86% (PS4) F1 2016: 82% (PS4)
Key Recognition	BAFTA nominated for DiRT, DiRT 2, DiRT 3 & DiRT Rally. DiRT 4 Racing GOTY Game by Informer 2017	BAFTA winner for Race Driver GRID. BAFTA nominated for GRID 2	BAFTA nominated twice for Motorstorm ³	BAFTA winner for F1 2010 BAFTA nominated for F1 2011, F1 2012 and F1 2013
Units sold over life of the franchise	c. 18m	>9m ⁴	n.a.	> 14m

¹ Source: Metacritic, as at 9 May 2018.

² For consistency, and as more of Codemasters’ titles are sold on the PS consoles, only data for the PS consoles have been reproduced above.

³ These are not Codemasters’ titles but the latest titles produced by the Evolution Studios team, which joined Codemasters in 2016.

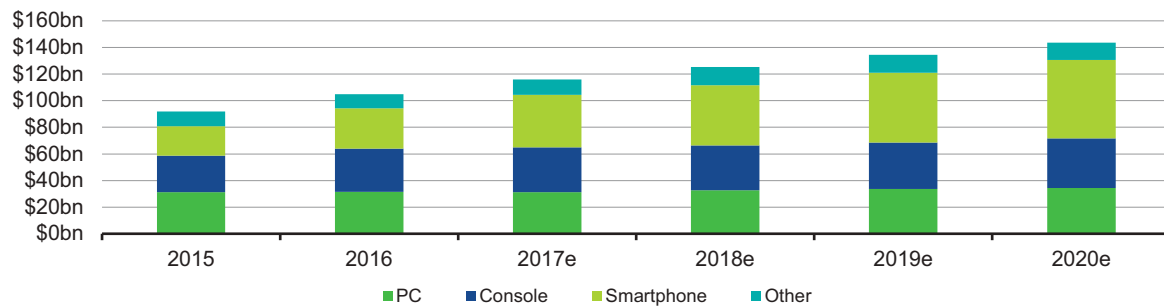
⁴ This excludes those units sold in respect of “TOCA Touring Car Championship”, “TOCA 2 Touring Cars” and “TOCA World Touring Cars”.

5. Market Overview

5.1 The Global Gaming Market

The video games sector has grown significantly over the last decade. In 2004, the software game industry as a whole generated \$25.4 billion*. However, Newzoo, a leading provider of market intelligence covering the global games, eSports and mobile markets estimates that, in 2017, 2.2 billion gamers across the globe generated \$116 billion in-game revenues and by 2020 the global gaming market is expected to reach \$143.5 billion.

Figure 5.1.1



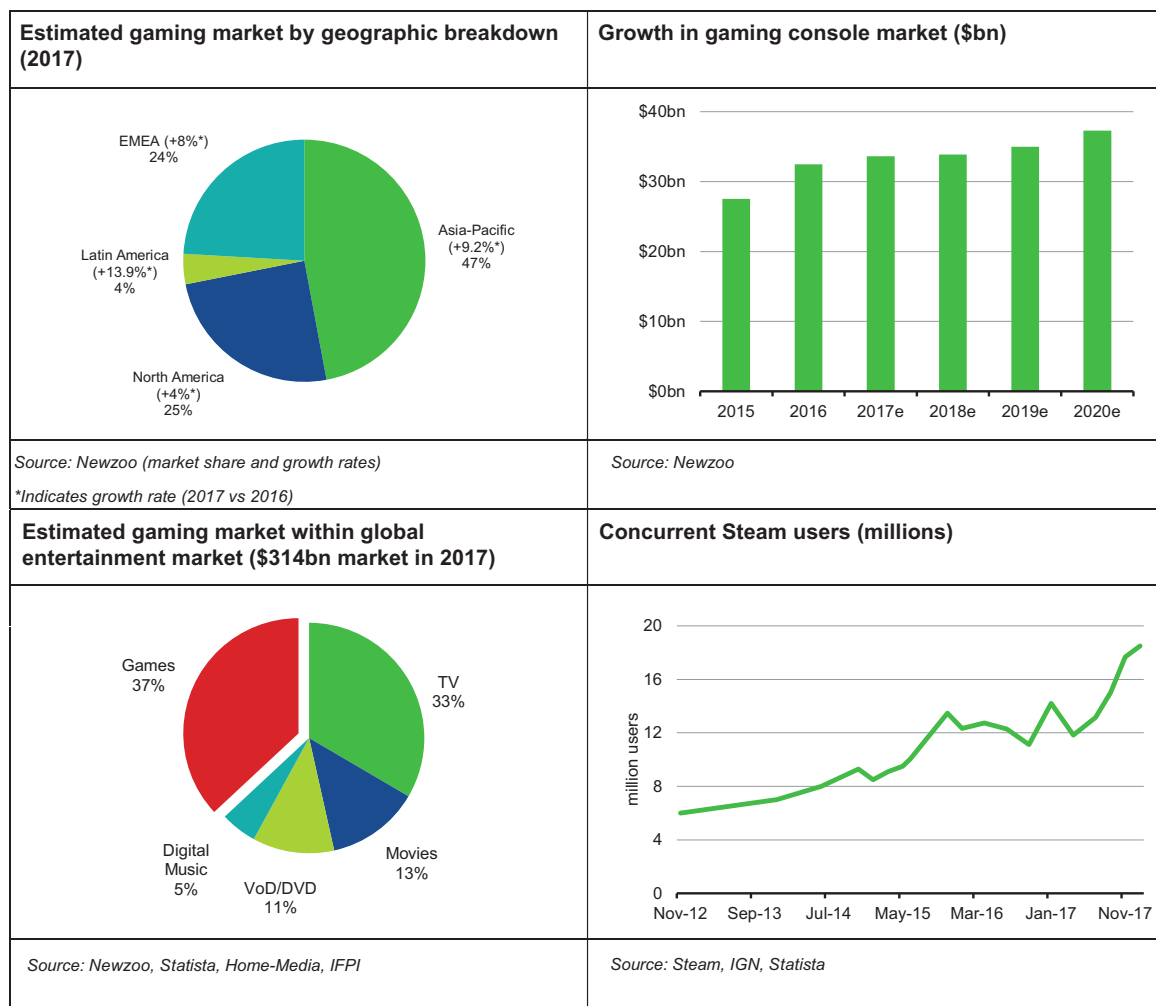
Source: Newzoo

The global box office revenue for movies in 2017 was reported to be approximately \$41 billion (up 4.6 per cent. YoY), and the total revenue for the music industry was reported at approximately \$17 billion in 2017 (up 8.1 per cent. YoY). Given the growth characteristics of the gaming sector, it now accounts for a significant share of the global entertainment market. The geographic distribution of the gaming market has also become more diversified as the Latin America and Asia-Pacific markets display higher growth than other markets as set out in figure 5.1.2. Notably, China is now the world's biggest gaming market by revenue.

According to Newzoo, the Chinese games market has grown YoY since 2014 and it is estimated that by 2021 the total games market in China may be worth \$50.7 billion (+15.8 per cent. CAGR 2014 – 2021), of which mobile is estimated to account for \$35.3 billion.

* Source: Video Games, Serious Business for America's Economy – Robert W Grandall

Figure 5.1.2



5.2 Expanding Audience

Since 1995, the number of gamers has grown from 100 million to 2 billion, helped by the proliferation of gaming devices and the shift to digital sales, enabling more global access.

Console manufacturers are reporting higher than average growth on their platforms. Sony stated that the PS4 is selling twice as fast as the PS3 did in the approximate first four years since their respective launches. Microsoft's Xbox One has sold very similar quantities to its predecessor Xbox 360 (the market leader in the last generation of consoles) in the same sales period, and in less than a year the Nintendo Switch has sold more units than the Wii U did in its lifetime. Nintendo reported its most profitable quarter in almost a decade as global sales of its new Switch console soared in Q4 CY17, and is forecasting sales of almost 17 million Switch consoles by the end of March 2018.

On PC, STEAM reported approximately 18.5 million peak concurrent users in January 2018 (see figure 5.1.2 above) and approximately 33 million daily active gamers in July 2017, and Tencent are believed to have approximately 200 million users in China on their Tencent Games Platform, which has been rebranded as "WeGame".

The mobile gaming market continues to grow across the world as more consumers have access to smartphones, and smartphone performance improves. Newzoo estimates that mobile revenues now make up 42 per cent. of global games revenue, although only 31 per cent. in North America and 26 per cent. in Western and Central Europe due to the strength of the console market in these regions.

Alongside the traditional PC/console/mobile platforms, new gaming products are launching regularly to provide new opportunities for game developers, whether they be new consoles such as Nintendo

Switch, new cloud-based platforms such as PlayStation Now or new peripherals such as VR to interact with existing devices.

5.3 Digital distribution

Digital distribution is rapidly increasing as customers change their purchasing habits due to convenience, wider product availability and faster broadband connectivity. For a publisher, digital distribution can generate significantly higher margins due to savings on the costs of manufacturing goods and the cost of physical distribution and the lack of inventory risk. In addition, the life cycle of a game in digital format is extended as there are no physical shelf space limitations, which shorten the life cycle of physical games.

The shift to digital has also allowed publishers to sell games to a wider audience in more than 150 territories worldwide and recently and most notably into China.

The mobile market is 100 per cent. digital and the PC market is mostly digital. Console full game distribution remains predominantly a packaged goods business, but the shift to digital is accelerating and the Directors believe that digital sales of full games will surpass physical packaged goods sales in the medium term.

5.4 Games as a service

Following the success of the games as a service model in free-to-play mobile and PC gaming, premium console/PC games are now offering post-launch content and services to their gamers that generate additional revenue through downloadable content, in-game-transactions, advertising and sponsorship as well as through paid subscriptions. These offerings can drive a higher ARPU, a longer life cycle of a game and higher margins.

Based on financial reports from other game publishers, the Directors believe games as a service revenue can generate material additional revenues on top of the initial game revenue. The Directors also believe this growth will accelerate as the market moves further to digital distribution and a greater number of consumers engage with this model.

The continued rapid evolution of the games market also provides a greater range of business models for portfolio businesses to meet different consumer needs. Microsoft's Xbox Game Pass allows gamers to pay a monthly subscription to download and play a broad library of titles and Sony's PlayStation Now service offers a similar model, but streams the games direct to the player so they can also be accessed on smart TVs and PCs without needing a PS4 or other console.

5.5 eSports

eSports is a fast growing field of gaming, where consumers compete online and watch others compete. Newzoo reports that, in 2017 the total revenue generated through eSports (which includes media rights, advertising, sponsorship, merchandise and tickets and game publisher fees) reached c.\$655 million (a 33 per cent. YoY increase since 2016) and in 2018, this is expected to reach c.\$906 million (an expected 38.2 per cent. YoY increase since 2017). Furthermore, Newzoo believes the total revenue in 2021 might even reach c.\$1.65 billion.

Prize funds for individual competitions have exceeded \$20 million, and tournament finals are held in arenas such as Sang-am World Cup Stadium, Seoul, which has a seating capacity of 45,000. Real sport is converging with virtual sport – examples include F1 eSports Series, NBA 2K League, Madden NFL 18 Club Championship and FIFA eWorld Cup. The Directors believe eSports can generate new revenue opportunities for the Group in the form of broadcast fees, sponsorship, ticketing and greater consumer engagement with games leading to other forms of monetisation.

5.6 Competitive landscape

While Codemasters' games compete for consumer spending with all other games and entertainment, its direct competition is within the racing video game category.

Racing is a 40 year old video game category, and racing games regularly feature in the top 10 selling titles on leading consoles, helped by the fact that racing is a widely understood concept with appealing brands and products. The impact of car culture in many other media outlets demonstrates the wide appeal of the racing category. For example, the last two Fast & Furious movies each generated more than \$1 billion at the box office, and Top Gear has been listed in the Guinness Book of World Records as "the most widely viewed factual TV programme" (in 212 territories).

Codemasters has developed and published four of the highest rated racing games on both PS4 and Xbox One. The table at figure 5.6 below shows the scores of the highest rated racing games on PS4, Xbox One and PC from *Metacritic*.

Figure 5.6

Metacritic.com's all-time top 10 scoring racing games across PS4, Xbox One & PC

	Score	Title	Developer
PS4	86	F1 2017	Codemasters
	85	DiRT Rally	Codemasters
	85	DiRT 4	Codemasters
	85	Rocket League	Psyonix
	85	Wipeout: Omega Collection	XDev, Clever Beans, EPOS
	83	Project CARS	Slightly Mad Studios
	82	Project CARS 2	Slightly Mad Studios
	82	F1 2016	Codemasters
	82	Burnout Paradise Remastered	Criterion Games
	82	Sprint Vector	Survios
Xbox One	91	Forza Horizon 3	Playground Games
	87	Forza Motorsport 6	Microsoft Studios
	86	DiRT Rally	Codemasters
	86	DiRT 4	Codemasters
	86	Forza Horizon 2	Playground Games
	86	Forza Motorsport 7	Microsoft Studios
	85	F1 2016	Codemasters
	84	Project CARS 2	Slightly Mad Studios
	84	F1 2017	Codemasters
	81	Project CARS	Slightly Mad Studios
PC	91	F1 Challenge '99-'02	Image Space Inc.
	90	GTR 2	Blimey! Games
	89	F1 2017	Codemasters
	89	NASCAR Racing 2002 Season	Papyrus Design
	89	NASCAR Racing 4	Papyrus Design
	89	NASCAR Racing 2003 Season	Papyrus Design
	89	DiRT 2	Codemasters
	88	Superbike 2001	Milestone
	88	F1 2002	Electronic Arts
	87	Burnout Paradise: The Ultimate Box	Criterion Games

Source: *Metacritic.com*, as of 9 May 2018 (excludes expansion packs)

5.7 Racing Categories

Based on Codemasters' consumer research, the fans of racing games identify four categories of racing games, each with different competitors.

5.7.1 Sports Racing

These are racing games that simulate or approximate real world sports. The "F1" and "DiRT" games lead this category in both sales and product quality, but other companies also compete with titles based on racing series such as 704 Games' "Nascar Heat", Big Ben Interactive's "WRC" and Milestone's "MotoGP".

5.7.2 Simulation Racing

These are games that simulate racing in licensed cars which do not solely replicate real world sports. The simulation category includes Sony's "Gran Turismo" (PS4 only), Microsoft's "Forza Motorsport" (Xbox One, PC) and Slightly Mad Studios' "Project Cars" (PS4, Xbox One, PC). Codemasters' "GRID" franchise also competes in this space although the Group has not yet launched a "GRID" game on the current generation of consoles. The most recent version, "GRID Autosport", has been launched on a much wider range of platforms than its competitors including PC, PlayStation, Xbox, Mac, Linux and iOS.

5.7.3 Arcade Racing

These are racing games that take a fantastical approach to racing. The arcade category has seen fewer launches in recent years. Nintendo's "Mario Kart" (Nintendo Switch only) is traditionally the

most successful, but in the more recent generations of consoles there have been other successful titles including EA's Criterion Games' "Burnout", Sony's "Motorstorm" and Disney's "Pure". Ubisoft's "Trackmania" also sits in the arcade category. Codemasters' "ONRUSH" is focused on this category.

5.7.4 Open World, Story Based Racing

These games are often more action and story orientated, generally within large scale urban and/or rural environments. EA's "Need For Speed", Ubisoft's "The Crew" and Microsoft's "Forza Horizon" all sit within this category. Codemasters does not currently have any titles in this category.

Unlike some other game genres (such as sports and shooter games) there is no clear dominant player in racing. The Directors believe that this gives Codemasters more opportunity to grow its market share without a head to head fight against a major player.

6. Business Overview

Codemasters' core business is developing and publishing racing video games. The Group is platform agnostic and its recent revenue has predominantly come from games developed for the PS4, Xbox One and PC. Studio talent represents the majority of the Group's fixed costs while packaged goods manufacturing, physical distribution, marketing and licensing account for most of the variable costs. The majority of revenue comes from selling games to consumers via packaged goods retailers or digital retailers. The Group does not sell any business to business services.

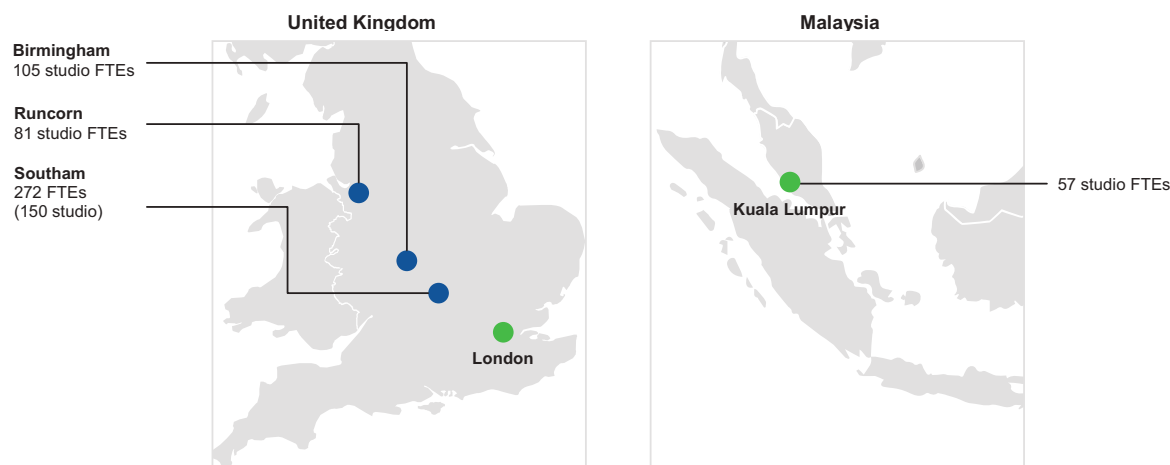
Codemasters' games are largely developed internally at its studios based in Southam, Runcorn and Birmingham, leveraging its proprietary EGO game development engine. The Kuala Lumpur studio specialises in game art production, enabling Codemasters to reduce overheads by providing this service from a lower cost location. The Group procures additional support from external developers to increase capacity as and when required, or if it requires specialist skills such as motion capture.

The Group's publishing team works with the developers to determine product positioning and feature sets, drives direct communication with consumers through their player communities, and generates all the marketing materials. The publishing team works directly with the major digital retailers and platforms (including PlayStation, Xbox, STEAM and WeGame), and with packaged goods distributors such as Koch Media who manage the physical distribution of games and local retailer relationships.

The game portfolio is a mix of owned IP and licensed products, with long standing rights for key racing series such as FIA Formula One World Championship and, more recently, FIA World Rallycross. The Group also has agreements with many of the major automotive brands including Mercedes, Volkswagen, Citroen, Ford, Ferrari, Pirelli, Colin McRae and Silverstone to enable games which Codemasters develops to include drivers, cars and racing circuits.

6.1 Studio locations and employees

Figure 6.1



The locations of the Group's offices, together with the number of FTE development employees in each location, are detailed in Figure 6.1. In addition to 122 non-studio staff in Southam (which includes sales, marketing, finance, HR, IT, facilities and licensing), the Group's headquarters also hosts the development teams for "DiRT" and "GRID". The Birmingham studio is responsible for developing the "F1" franchise, whilst the Runcorn studio, which was formerly Evolution Studios, is responsible for the development of "ONRUSH". The studio in Kuala Lumpur is responsible for providing capacity for artistic development, supporting the other studios, and is not involved in the development of IP. The workforce in Kuala Lumpur is flexible according to demand.

6.2 Routes to market

Codemasters' products are sold via two different channels – traditional retailers selling packaged goods products and digital retailers selling downloads.

Codemasters' packaged goods business (through physical or mail-order retailers such as Amazon, MediaMarkt, Game, Gamestop and FNAC) is managed by its distributors who deal with the complexity of taking orders, warehousing inventory, shipping boxes to retailers, collecting payment and managing stock control. Codemasters has an agreement with Koch Media which provides these services across Europe, the Middle East and Africa and the Americas, and the Company works with various partners including Ubisoft and Bandai Namco in Asia. Codemasters' key territories for packaged goods sales are the UK, Germany and the US. In FY18, Koch Media was responsible for approximately 95 per cent. of the Group's packaged goods sales.

From the launch of ONRUSH onwards, Codemasters will directly distribute its new releases to digital retailers including STEAM, PlayStation Store, Xbox Store, Tencent's WeGame, Apple's App Store and Google Play Store, without the need for an intermediary third party distributor. This digital sales model provides the Group with better margins as there is no payment of distribution fees or cost of goods fees from console manufacturers and there is no inventory risk. The reach of digital sales channels allows Codemasters to make its games available to consumers in almost every territory in the world. The Directors believe that digital distribution will continue to grow as a percentage of overall sales and will generate greater revenue and higher profit margins for the Group.

In addition, Codemasters has its own digital store for PC products which, although representing a small proportion of the Group's overall sales, provides another route to market and does not require a third party distributor or retailer. This further optimises the profitability of sales.

6.3 Licence Arrangements

6.3.1 F1

Codemasters has held exclusive rights to develop the F1 games franchise since 2009. The current contract was due to expire in 2018, but has been renewed with F1's new owners Liberty Media until 2021. The licence structure includes periodic advance guarantee payments to be made by Codemasters to Formula One World Championship Limited during the course of the year, plus a

royalty fee based on game revenues. Over the course of the year, royalties are offset against the aggregate guarantee payments and further payments are made by Codemasters only after the accumulated annual royalty payments surpass the guarantee payments.

6.3.2 Hasbro

The Group has licence arrangements in place with Hasbro Inc. for rights that relate to the “Micro Machines” franchise and for the development of the games on a variety of formats. The licence structure includes a minimum guarantee payment plus the payment of royalties which are calculated on gross revenue. Over the course of a year, the minimum guarantee payment can be offset but only against royalties due in that year.

6.3.3 Automotive related game licences

Codemasters has various licence arrangements with car manufacturers and other automotive brands such as BMW, Peugeot, Jaguar, Pirelli, Colin McRae and Silverstone in relation to the IP of specific car models, liveries, driver images and racing circuits for use in its racing games. These licence arrangements include, from time to time, the payments of royalties, minimum guarantee payments and one-off fees for access rights.

6.3.4 Video games tax relief

VGTR is a tax relief which was introduced by HMRC in 2014 to support the development of video games in the UK.

VGTR is part of a wider UK creative sector tax relief which seeks to incentivise investment into UK inventions or productions that may otherwise take place outside of the UK, and to promote the long-term sustainability of technology skills and infrastructure in the UK. It is claimed by many companies in the wider UK creative sector marketplace. Similar government incentive schemes are prevalent in the video games industry globally, most notably in the US, Canada, France and Scandinavia.

All of the games currently developed by Codemasters qualify for VGTR and it therefore represents a significant contribution towards the Group’s profit before tax. VGTR is a cash benefit and it may be claimed in the place of, but not in addition to, the tax relief against research and development costs for small to medium sized enterprises allowed under the Finance Act 2007.

The Group historically made annual VGTR claims for FY 2016 and FY 2017 and six-monthly VGTR claims for FY 2018 to recover a proportion of its development costs. In the near term following Admission, the Directors intend to continue to make six-monthly VGTR claims on behalf of the Group. Historical claims submitted to HMRC have amounted to approximately £4.6 million for FY 2016, approximately £5.4 million for FY 2017 and approximately £6.5 million for FY 2018. The VGTR claims submitted in the corporation tax computations differ to the amounts recognised in the consolidated income statements in the historical financial information set out in Section A of Part III of this Document due to the amounts recognised in the consolidated income statements being based on estimates prior to the submission of the returns, together with the recognition of under and over provisions of VGTR credits relating to prior years.

TIGA estimates that since the introduction of VGTR was announced, net employment in the UK video games industry has increased by 7.1 per cent. per year on average. As of 31 March 2017, 265 games productions have claimed VGTR, supporting in excess of £490 million of UK expenditure.

The Directors believe that the major UK political parties continue to support VGTR and there are no indications of any significant changes being contemplated for the VGTR scheme. In November 2017, the European Commission announced that the VGTR scheme in the UK will continue until at least 2023.

7. Codemasters’ Proprietary Technology

7.1 EGO®

The Group’s core software technology, known as “EGO”, is an internally developed proprietary game engine that is highly optimised for racing video games.

EGO is in its third-generation and is the result of over 10 years of continuous development across a host of AAA racing titles on leading games platforms.

The Directors believe that EGO delivers a powerful component based solution to racing game developers which the Directors believe is better suited to the development teams' needs than any off-the-shelf third party software. The engine is designed to support the complexities and very specific performance demands of street and circuit racing (e.g. "F1" and "GRID"), a highly detailed rally game focused on a single car and extensive off-road environments (e.g. "DiRT") and a fast-paced and easily accessible arcade racer (e.g. "ONRUSH"). While all these games have racing at their heart, the demands they place on the engine in terms of handling, rendering, physics, AI and tools are all very different.

The Directors believe that EGO is a multi-threaded, multi-core, optimised engine delivering high frame rates, responsive handling and subtle dynamics, along with powerful and realistic rendering technology, all of which are key elements for top quality racing games for PC, console, mobile and VR. It contains a fully featured, ultra-fast, physically-based rendering pipeline that gives Codemasters' development teams the power to create incredibly accurate visuals. The Directors further believe that EGO supports the very latest workflows allowing artists to maximise the visual quality of the games. The latest generation of EGO supports a comprehensive feature set around network play in addition to eSports and VR.

EGO features an extensive tool chain including a comprehensive, flexible and extensible asset pipeline. The Directors believe that these tools are tailor made for the unique challenges of track design, AI conditioning and vehicle setup. With this in mind, the asset handling technologies were designed to be future proof, allowing for the expansion and higher performance needed for the next generation of gaming platforms.

The latest generation of EGO is built specifically for DX12 technologies, and the latest iterations of the PS4 and Xbox.

EGO's engine components are:

- **Vehicle Dynamics** – state of the art vehicle dynamics modelling allowing any form of vehicle to be modelled to extremely high degrees of accuracy along with powerful design tools to produce fun, engaging and industry leading handling models;
- **TrackGen** – procedural rally stage creation tool, allowing near infinite number of rally stages to be developed in a fast and efficient manner, whilst preserving the high quality design expected of Codemasters industry leading rally video games;
- **Audio** – one of the leading vehicle audio systems in the market, featuring highly-accurate advanced digital signal processing engine;
- **AI** – state-of-the-art AI system featuring car control, situational awareness and race strategy, which contributes human like senses that can observe, predict and adapt behaviour to produce one of the most realistic and engaging racing experiences on the market;
- **Analytics** – game development is now underpinned by powerful analytics systems. Analysis can be performed during every play session to empower designers and engineers to improve the game, so that they may rapidly reach the AAA game quality that is synonymous with Codemasters' racing titles;
- **VR** – Codemasters' teams have been working with VR for more than five years and are experienced in the application of VR to racing games. The EGO engine offers 60Hz rendering and high image quality, and when using VR, the engine will support 120Hz for a comfortable VR viewing experience; and
- **eSports** – the Directors believe that their advanced multi-player technology and multi-camera system allow the Group to take full advantage of eSports opportunities on its titles.

While the EGO technology is predominantly being used to develop car-based racing games, the Directors believe it could equally be applied to other fast paced racing titles, including, for example, motorbikes and drones. However, the Directors do not have any current plans to develop titles in such areas.

7.2 RACENET[™]

The RACENET technology, combined with the Group's in-house multidisciplinary team of analysts and developers, delivers a value added service for all Codemasters' products, providing key benefits for both the player and the Group.

7.2.1 Powerful User Insights to Create Better Games

The RACENET analytics system enables the Group to gain a deep insight into individual user experience, as well as cohort patterns and trends, by tracking anonymised player behaviour from Codemasters' accounts. Continuous analysis and reporting throughout the game development and beyond product launch ensures that the game developers are able to make the most informed decisions possible. These insights also help to de-risk future product launches, since player reactions to new products or game generations can be better predicted.

7.2.2 Fostering Community

RACENET delivers a number of in-game features that further propel community engagement and retention. From eSports and multiplayer challenges to in-game rewards, every release grows Codemasters' unified racing offering, and every single gamer strengthens that community.

7.2.3 Adding Value to the Core User Experience

Even when not directly playing, gamers are still able to engage with Codemasters' games and communities through the RACENET-enabled web platforms. For example, using the telemetry system for "DiRT Rally", gamers can review competitive leader boards and watch how other gamers completed a stage, including reviewing details such as use of the throttle, braking, steering angle, speed and gear selection. This delivers extra value for the end-user which the Directors believe encourages them to return to the game at a later stage.

7.2.4 Player Insight to Drive Engagement, Retention and Monetisation

Understanding how gamers engage with the Group's products allows the development teams to build new features and content to meet gamers' needs. The Directors believe this insight will also allow targeted marketing communications and encourage additional purchases through in-game-transactions and the purchase of other Codemasters' games that they may enjoy.

8. Strategy for the Company

8.1 Strengthen Codemasters' overall leadership position in racing

The Directors believe that the racing market will continue to be a strong gaming segment, building on its consistent popularity over the last 40 years and the global understanding of car culture and racing. In addition, the Directors believe that Codemasters' proven expertise in this category reduces forecasting risk, due to the experience derived from its existing franchises, and every new release adds new capability to its proprietary technology and a stronger understanding of its player base. The Directors further believe that the continued growth of the overall game market, the introduction of digital services to forthcoming releases and the growth of digital distribution will enable the company to achieve its anticipated growth.

8.2 Grow the Audience

Codemasters has targeted four methods by which it intends to grow its audience:

- adding innovative features, content and services to its existing franchises in order to attract more gamers;
- expanding its existing portfolio to other racing segments, based on market opportunity and consumer testing. The Directors believe the Group's new "ONRUSH" game should broaden Codemasters' audience, appealing to gamers who want arcade entertainment;
- increasing penetration into existing major markets. The Directors believe China will be a significant contributor to the Group's growth owing to the launch of new premium game platforms (for example Tencent's "WeGame" PC platform launched "DiRT 4" in March 2018, and is due to launch a second Codemasters title later in 2018) and the launch of the Group's first free-to-play racing simulation game. There is also a growing appetite in China for AAA games (demonstrated by Codemasters' 170 per cent. growth on units sold via STEAM in China since FY 2016), the addition of local content and the entry into of key publishing partnerships; and
- expanding its existing franchises to more platforms potentially including mobile, new consoles, VR and set-top boxes.

8.3 Increase Average Revenue per User

The Group has identified the following as possible routes to enable it to increase its ARPU:

- invest in additional post-launch content and services (games as a service) to increase the engagement, retention and monetisation of the Group's gamers. The Directors believe this will provide an opportunity for additional revenue and profit, which are currently under-leveraged within the Group's existing franchises. The aim is to become less dependent on expensive new releases and secure more predictable, recurring and profitable revenues, while improving gamers' experience and satiating their demand;
- new business models and technologies such as paid subscription and streaming are becoming increasingly popular with gamers. Xbox Game Pass and PlayStation Now are delivering additional revenues and audiences, and the Directors believe that more platforms will follow. The Directors further believe that there may be a future opportunity for Codemasters to offer both paid subscription and streaming direct to the Group's gaming community; and
- eSports is creating new revenue streams through advertising, sponsorship, broadcast rights and ticket sales. Codemasters has two ongoing tournaments with the F1 eSports Series and The DiRT World Championships. While the Directors do not anticipate significant revenue in the short term, they believe it will increase consumer awareness and engagement which will generate revenues in the years ahead.

8.4 Raise Competitive Barriers to Entry

In order to raise competitive barriers to entry, Codemasters intends to:

- continue to invest in developing EGO, its proprietary technology in order to drive quality, further efficiencies and speed to market;
- grow the Group's community in order to enable a deeper understanding of consumer behaviours and therefore deliver better and more engaging gamer experiences; and
- continue to invest in RACENET, its proprietary technology, in order to increase its direct access to gamers and reduce the dependence on, and cost of, third party channels.

8.5 Future acquisition opportunities

The Directors intend to focus on growing the Company organically. However, Admission will provide Codemasters with the opportunity to consider potential future acquisitions in order to accelerate growth and continue to raise barriers to entry by being able to offer Shares as consideration in order to raise equity finance instead of obtaining debt finance for future potential acquisitions, if the Directors consider it appropriate.

To the extent the Company pursues potential acquisitions in the future, the primary target would be to acquire additional development teams, similar to the addition of the Evolution Studios team in April 2016. The Directors believe this can be an efficient way to add a pool of new talent or expertise to work on existing or new IP, new platforms and business models.

9. Current Trading and Prospects

Financial information for the Group is set out in Parts III and IV of this Document. Since 1 April 2018 the Group has continued to trade in line with the Directors' expectations. The early indications for "DiRT 4" on Tencent's "WeGame" platform, which was released in March 2018, show that the total unit sales of the game are already greater than 50 per cent. of the first nine month's sales on STEAM in China, indicating the continued appetite for AAA racing games in China. In addition, the sales of "F1 2017" continue to outperform "F1 2016", when comparing the first 35 week period since their respective launches. Finally, "ONRUSH" has passed submissions to PlayStation and to Microsoft for their approval, and is on track to launch in June 2018.

10. Financial Information

Part III of this Document contains audited historical financial information of the Group for the three years ended 31 March 2018. The following financial information has been derived from the financial information contained in Section A of Part III of this Document and should be read in conjunction with the full text of this Document. Prospective investors should not rely solely on the summarised information.

	<i>Year to 31 March 2016 (£000)</i>	<i>Year to 31 March 2017 (£000)</i>	<i>Year to 31 March 2018 (£000)</i>
Reported			
Revenue	31,002	50,056	63,566
Gross Profit	26,004	42,620	53,776
Operating Profit	3,223	14,345	8,058
Non GAAP measures			
Operating Profit	3,223	14,345	8,058
Depreciation of tangible fixed assets	490	743	1,084
Amortisation of development costs and computer software	15,679	13,230	20,292
Capitalised development costs	(15,487)	(21,100)	(23,435)
Interest on unwinding of licensing agreements	(841)	(3,066)	(1,028)
Share based payments	—	2,058	6,762
Adjusted EBITDA	3,064	6,210	11,733

Capitalisation and amortisation policies can have a material impact on the reported and adjusted numbers for gaming companies, hence the Company focuses on Adjusted EBITDA as its key performance indicator because it removes any impact from these accounting policies. Adjusted EBITDA is reconciled to reported operating profit by adjusting for the following items:

- adding back tangible asset depreciation;
- adding back amortisation of development costs and software;
- deducting the entire gross development spend in operating expenses i.e. treating all development spend as if it was charged to the income statement;
- deducting the unwinding of discount applied to licensing agreements; and
- adding back the charge related to share based payments.

11. Directors and Management

The board of the Company comprises: (i) Gerhard Florin; (ii) Frank Sagnier; (iii) Rashid Varachia; (iv) Ian Gomes; and (v) Shibasish Sarkar.

Directors

Gerhard Florin, 59, Independent Non-Executive Chairman

Gerhard has over 20 years' experience in the entertainment and gaming industry. He currently serves on the board of InnoGames GmbH. Gerhard has previously served on the boards of Funcom NV and King Digital Entertainment plc, and was Chairman of the latter between 2014 and 2016. Between 2006 and 2010, Gerhard served as an Executive Vice President and General Manager of Publishing at Electronic Arts Limited, being responsible for the company's worldwide publishing business, prior to which he held various positions in Electronic Arts' German and British operations.

Gerhard holds a Master's and PhD degree in Economics from the University of Augsburg, Germany.

Frank Theodore Sagnier, 55, Chief Executive Officer

Frank has been in the games industry for over 20 years. He started at Acclaim Entertainment as Head of European Marketing. He then moved to Electronic Arts Limited where he successfully managed the European marketing and Third-Party Publishing teams. Frank was also part of the

global leadership team that drove the company into the online and mobile era. After many years in the corporate world Frank spent several years running a number of game development studios backed by venture capital firms and focused solely on digital free-to-play business models.

Frank joined Codemasters in 2014, when he was recruited as Chief Executive Officer to implement the Group's strategy. Frank is also an Ambassador for BAFTA Games and a Vice President of 'SpecialEffect', a UK based charity which uses video games and technology to enhance the quality of life of people with disabilities.

Rashid Ismail Varachia, 46, Chief Financial Officer

Rashid is a Chartered Certified Accountant, who trained with KPMG UK and since qualifying has held a number of senior finance roles. He joined Codemasters in 2012 as Vice President of Finance, responsible for all finance, HR, IT and company secretarial matters. He was then promoted to his current position, Chief Financial Officer, in 2015. Prior to joining Codemasters, Rashid was the Divisional Finance Director at Technicolor Home Entertainment services, part of Technicolor SA which is listed on Euronext Paris.

Ian Pierre Gomes, 60, Independent Non-Executive Director

Ian Gomes spent his professional career of over 30 years with KPMG UK, 23 years of which as a Partner. He has worked in multiple environments with extensive client facing and executive leadership roles in the UK, Middle East and Asia. He has substantial global experience as lead auditor and adviser to major companies. His wide cross sector experience also spans strategy, risk mitigation and control, transformation, fund raisings, forensic investigations, acquisition due diligence and post-acquisition integration. Ian is currently an independent director and chair of the audit committee at Wyelands Bank plc, a UK bank.

Ian holds a Master's degree in Business Administration and is a Fellow of the Institute of Chartered Accountants in England & Wales.

Shibasish Sarkar, 46, Non-Executive Director (Reliance nominated director)

Shibasish Sarkar is a Media & Entertainment Industry professional with over 25 years of corporate experience in handling multiple verticals across gaming, films, television, animation, digital content and new media platforms. He is part of the leadership team with the Reliance ADA group and has demonstrated organisational capabilities in establishing and scaling business operations, driving sustainable growth by forming key alliances, and managing stakeholders, talent partners and cross functional teams. He is adept at liaising with industry bodies and government authorities and is often called upon to speak at industry related forums.

Shibasish is a Chartered Accountant, Cost Accountant and Company Secretary with an MBA in marketing. His past employment includes senior positions at Percept Picture Company, Viacom 18, UTV Disney and Godrej Sara Lee Ltd. Besides serving in the capacity of director and member of the board within various Reliance ADA group companies, Shibasish leads Reliance ADA's Media & Entertainment businesses as its group Chief Operating Officer.

Management

Jonathan Andrew Bunney, 49, VP Publishing

Jonathan started his career in the music industry before spending 12 years at Electronic Arts. He joined Electronic Arts as the European Marketing Director in 1999, launching new franchises including The Sims, one of the best-selling video games series of all time. He later went on to oversee global marketing for FIFA, Burnout and Battlefield as, both Senior Marketing Director and then VP Marketing before becoming Executive Producer for the Harry Potter series of games.

Jonathan joined Codemasters in 2014 as VP Publishing, responsible for the company's commercial activities, including sales, marketing, business development, licensing, operations and creative services.

Ian Michael Hocking ('Mick'), 48, VP Product Development

Mick has been in the games industry for 24 years, starting his career as an AI and Physics programmer creating the first non-linear combat AI engine for flight simulation company DiD. In 1999 Mick co-founded Evolution Studios, which developed multi-million selling and award winning

“WRC”, “Motorstorm” and “Driveclub” game franchises, and this became one of the UK’s most successful independent studios.

In 2006, Sony acquired Evolution Studios and Mick became a VP of Development for Sony Europe, responsible for managing major studios, R&D and special projects teams. A pioneer in the development of 3D and VR gaming for Sony, Mick received the International Lumiere Award for 3D Technology in 2012.

In 2015, Mick was awarded an honorary doctorate for his contribution towards Game Development by Staffordshire University. In 2016, Mick joined Codemasters as VP Product Development along with his team from Evolution Studios. Mick now manages all of Codemasters’ development teams and products along with central services, including QA teams.

12. Reason for Admission and Use of Proceeds

The Directors believe Admission will position the Group for the next stage of its development, including by further raising the profile of the Group, assisting in attracting and retaining employees through appropriate incentive arrangements, and providing Codemasters with the opportunity to consider any appropriate strategic acquisitions should they arise in the future, notwithstanding that the Directors’ intention is to focus on growing the Company organically.

Admission will enable the Selling Shareholders to realise, in part, their investment in the Group and it will also allow the Executive Management Team to benefit from and be rewarded for the significant turnaround and success of the Group in recent years.

The net proceeds raised from the issue of 7,500,000 New Shares (approximately £13.3 million) will primarily provide the Group with additional working capital but, together with existing cash resources and future operational cash flow, will also generally facilitate the implementation of its current strategy, which is set out at paragraph 8 of this Part I, particularly with the following:

- recruiting new talent to grow games as a service revenue;
- capital expenditure;
- extending the reach of its existing franchises onto more platforms (such as Switch, mobile and VR);
- funding further development of its proprietary technology; and
- marketing to reach a wider audience of gamers.

13. The Placing

Liberum has agreed as agent for the Company and the Selling Shareholders, pursuant to the Placing Agreement and conditional, *inter alia*, on Admission, to use its reasonable endeavours to procure (i) subscribers for the New Shares; and (ii) purchasers of the Sale Shares. The New Shares will represent 5.4 per cent. of the Enlarged Share Capital at Admission and will raise net proceeds of approximately £13.3 million for the Company. The Sale Shares will represent 60.7 per cent. of the Enlarged Share Capital at Admission. The net proceeds of the Placing of the Sale Shares of approximately £163.2 million will not be received by the Company.

The Placing has not been underwritten by Liberum and is conditional, *inter alia*, on:

- a) Admission occurring by 1 June 2018, or such later date as Liberum and the Company may agree, being not later than 15 June 2018; and
- b) the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission.

The New Shares will be issued as fully paid and will upon issue, rank *pari passu* with the Existing Shares, including the right to receive dividends declared, made or paid on or in respect of such Shares after their date of issue. The Placing Shares are being placed with institutional and other investors. None of the Placing Shares have been marketed to or will be made available in whole or in part to the public in conjunction with the application for Admission.

On Admission the Company will have 140,000,000 Shares in issue and a market capitalisation at the Placing Price of approximately £280 million.

Further details of the Placing Agreement are set out in paragraph 12.1 of Part VII of this Document.

14. Corporate Governance and Board Practices

From 28 September 2018, the Company is required under the AIM Rules to comply with a recognised corporate governance code to be chosen by the Board. The Board recognises the importance of sound corporate governance and intends that the Company will comply with the provisions of the QCA Code. The Company shall disclose on its website how it complies with the QCA Code and, where it departs from the QCA Code, will explain the reasons for doing so.

The Board following Admission will comprise two executive directors and three non-executive directors (two of whom are deemed to be independent).

The Board has established an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities and each with written terms of reference.

14.1 Audit Committee

On Admission, the Audit Committee will comprise Ian Gomes, who will chair it, and Gerhard Florin. The Audit Committee is expected to meet at least four times a year and otherwise as required. All members of the Audit Committee shall be non-executive directors.

The Audit Committee is responsible for ensuring that the financial performance of the Company is properly reported on and reviewed, and its role includes: (i) monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements); (ii) undertaking narrative reporting and advising the Board on whether the content of the annual report and accounts provides the necessary information for shareholders to assess the Company's performance, business model and strategy; (iii) reviewing internal control and risk management systems; (iv) reviewing compliance, whistleblowing and fraud systems; (v) reviewing any changes to accounting policies; (vi) reviewing the internal audit function; (vii) reviewing and monitoring the extent of the non-audit services undertaken by external auditors; and (viii) advising on the appointment of external auditors. The Audit Committee will have unrestricted access to the Company's external auditors.

The Audit Committee also has responsibility for ensuring that the Company has in place the procedures, resources and controls to enable compliance with *inter alia*, the AIM Rules and the QCA Code.

14.2 Remuneration Committee

On Admission, the Remuneration Committee will comprise Gerhard Florin, who will chair it, and Ian Gomes. It is expected to meet not less than twice a year and at such other times as required. At least two members of the Remuneration Committee shall at all times be non-executive directors, both of whom must be present at the meeting to form a quorum.

The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's chief executive, the chairman, the executive directors, the Company Secretary and other senior executives as designated by the Board. The Remuneration Committee also has responsibility for: (i) recommending to the Board a remuneration policy for directors and executives and monitoring its implementation; (ii) approving and recommending to the Board and the Company's shareholders, the total individual remuneration package of the chairman, each executive and the chief executive officer (including bonuses, incentive payments and Share Incentive Awards or other share awards); and (iii) approving and recommending to the Board the total individual remuneration package of the Company Secretary and all other senior executives (including bonuses, incentive payments and Share Incentive Awards or other share awards); (iv) approving the design of, and determine targets for, any performance related pay schemes operated by the Company; and (v) reviewing the design of all equity-based incentive plans for approval by the Board and shareholders, in each case within the terms of the Company's remuneration policy and in consultation with the chairman of the Board and/or the chief executive officer. No Director or member of management may be involved in any discussions as to their own remuneration.

14.3 Nomination Committee

The Company considers that, at this stage of its development, and given the current size of the Board, it is not necessary to establish a formal nominations committee. This position will be reviewed on a regular basis by the Directors.

15. Share dealing policy

The Directors understand the importance of complying with the AIM Rules and MAR relating to dealings by Directors and certain other employees of the Group in the Shares and has established a share dealing code. The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees with that code. The Directors believe that the share dealing code adopted by the Board is appropriate for a company quoted on AIM. The Board will comply with Rule 21 of the AIM Rules for Companies.

16. Anti-bribery and corruption policy

The Company has implemented an anti-bribery and corruption policy and also implemented appropriate procedures to ensure that, *inter alia*, the Board, employees, agency staff and consultants comply with the Bribery Act 2010.

17. Dividend Policy

The Board intends to retain the Company's earnings in order to pursue its growth strategy and does not anticipate paying dividends in the short term. Thereafter, the Board may implement a dividend policy if it is appropriate to do so. Any policy will take into account the profitability of the business and underlying growth in earnings of the Group, as well as its cash flows and growth requirements. The ability of the Company to pay dividends is dependent on a number of factors and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be.

18. Share Incentive Awards Plans

In order to align the interests of Shareholders, Directors and employees following Admission, the Company will on Admission adopt the Share Incentive Awards Plans (excluding the SAYE Scheme) which are summarised below and which are described in further detail in paragraph 4 of Part VII of this Document. The SAYE Scheme may be adopted and operated in due course following Admission.

The Codemasters Long Term Incentive Plan will deliver share awards, subject to performance targets, for Executive Directors and senior executives.

The Codemasters Employee Share Option Plan will grant options with exercise prices set at the market value of shares at grant. The ESOP will be available at the Board's discretion to all employees.

In addition, under the NED Plan, Options will be granted on a similar basis to the ESOP to the independent non-executive Directors.

The number of Shares which may be issued pursuant to the settlement of the Share Incentive Awards Plans and any future share-based schemes adopted by the Company following Admission shall be limited to a maximum of 10 per cent. of the Company's total issued share capital over the period of 10 years from Admission including Share Incentive Awards made on but not prior to Admission. In addition, the Company may establish an employee benefit trust which will be used to satisfy Share Incentive Awards with Shares purchased in the market.

19. Interests of the Directors and Management and Lock-In Agreements

The interests of the Directors and Management (including the interests of their spouses and infant children and the interests of any persons connected with them within the meaning of sections 252 to 255 and 820 to 825 of the Act), all of which are beneficial, in the issued shares of the Company, as at the date of publication of this Document and as they are expected to be immediately following completion of the Placing and Admission are as follows:

<i>Name</i>	<i>As at the date of this Document</i>		<i>Following the Placing and Admission</i>	
	<i>Shares</i>	<i>% of Existing Shares</i>	<i>Shares</i>	<i>% of Enlarged Share Capital</i>
Frank Sagnier	6,161,250	4.65	3,696,750	2.64
Rashid Varachia	2,782,500	2.10	1,669,500	1.19
Gerhard Florin	Nil	Nil	Nil	Nil
Ian Gomes	Nil	Nil	Nil	Nil
Shibasish Sarkar	Nil	Nil	Nil	Nil
Ian Hocking	1,722,500	1.30	1,033,500	0.74
Jonathan Bunney	1,921,250	1.45	1,152,750	0.82

19.1 Director and Management Lock-in Agreement

Each of the Executive Directors and the Management have entered into a lock-in and orderly market agreement with the Company and Liberum, pursuant to the terms of which each of them has covenanted not to dispose of: (i) any of the Shares held by them (and their connected persons) at Admission, (or any Shares subsequently acquired or issued to them) for a period of one year from Admission, except in certain limited circumstances; or (ii) 50 per cent. of the Shares held by them (and their connected persons) at Admission for a period of one year following the expiry of the period in (i).

For the period from 12 months to 24 months after Admission each of them has also agreed that (except in certain limited circumstances), they will only sell such Shares which are no longer subject to the lock-in arrangements through Liberum (or any future broker engaged by the Company) pursuant to the terms of such lock-in agreement and, for the period from 24 months to 36 months after Admission, (except in limited circumstances) they will only sell 50 per cent. of the number of Shares held by them on Admission through Liberum (or any future broker engaged by the Company).

19.2 Reliance Lock-in Agreement

Reliance has entered into a lock-in and orderly market agreement with the Company and Liberum, pursuant to the terms of which Reliance has covenanted not to dispose of any of the Shares held by it at Admission, or subsequently acquired or issued to it for a period of one year from Admission except in certain limited circumstances.

For the period from 12 months to 24 months after Admission, Reliance has also agreed that (except in certain limited circumstances), it will only sell such Shares through Liberum (or any future broker engaged by the Company) pursuant to the terms of such lock-in agreement.

Further details of the Lock-in Agreements are set out in paragraphs 12.4 and 12.5 of Part VII of this Document.

20. Relationship Agreement

In light of Reliance's shareholding in the Enlarged Share Capital immediately following Admission, as set out in paragraph 8.11 of Part VII of this Document, Reliance has entered into the Relationship Agreement in order to regulate the relationship between it and the Company after Admission. The Relationship Agreement provides for the Board to operate the Company independently of Reliance.

Under the Relationship Agreement Reliance will have the power, for so long as it directly or indirectly exercises control over at least 20 per cent. of the voting rights in respect of the entire issued share capital of the Company, to appoint a Director as its representative on the Board (and the right to appoint an additional Director to the Board for each independent non-executive Director appointed to the Board in excess of the two who will be appointed prior to Admission).

Further details of these arrangements are set out in paragraph 12.6 of Part VII of this Document.

21. Admission, settlement and dealings in Shares

Application has been made to the London Stock Exchange for the Company's entire issued and to be issued shares to be admitted to trading on AIM. It is expected that Admission will be effective and that dealings in the Placing Shares on AIM will commence at 8.00 a.m. on 1 June 2018.

CREST is a computerised paperless share transfer and settlement system which allows securities to be evidenced otherwise than by a share certificate and transferred by electronic means, without the need for a written instrument of transfer. The Articles permit the holding of Shares to be evidenced in uncertificated form in accordance with the CREST system. The Company has applied for the Shares to be admitted to CREST and it is expected that the Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates may do so and will have their details recorded on the Company's share register in accordance with applicable laws. Persons acquiring Shares as a part of the Placing may elect to receive Shares in uncertificated form if, but only if, that person is a "system-member" (as defined in the CREST Regulations) in relation to CREST.

22. Taxation

General information regarding UK taxation is set out in Part V of this Document. These details are intended as a general guide to the current tax position under UK taxation law. If you are in any doubt of your tax position you should consult your own tax adviser.

23. City Code

The City Code is issued and administered by the Takeover Panel. As the Company is incorporated in the UK and the Shares will be admitted to trading on AIM, the Company is a company to which the City Code applies and, as such, its Shareholders are entitled to the protections afforded by the City Code. The City Code operates principally to ensure that the shareholders of a company are treated fairly and are not denied an opportunity to decide on the merits of a takeover. The City Code also provides an orderly framework in which takeovers are conducted.

Under Rule 9 of the City Code, when:

- (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company subject to the City Code; or
- (b) any person, together with persons acting in concert with him, is interested in shares which in the 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 such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested,

such a person is normally required to make a general offer in cash to all the remaining holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

An offer under Rule 9 must be in cash and at the highest price paid by the person required to make the offer, or any persons acting in concert with him, for any interest in shares in the company during the 12 months preceding the date of announcement of such offer.

Reliance will, following Admission, hold 39,915,904 Shares representing 28.5 per cent. of the Enlarged Share Capital. Reliance will therefore be interested in Shares which carry 28.5 per cent. of the voting rights of the Company. Neither Reliance nor Shibasish Sarkar, who is the Reliance nominated director, will on or immediately following Admission hold any option to subscribe for or acquire any Shares, and Reliance has confirmed to the Company that no other member of its group will on or immediately following Admission have any interest in any Shares. The Company does not intend during the period of 12 months following Admission to repurchase any of its Shares.

If, following Admission, Reliance or parties acting in concert with it acquire an interest in any other Shares which increases the percentage of Shares carrying voting rights of the Company in which Reliance and parties acting in concert with it are interested to 30 per cent. or more of the voting rights of the Company, then Reliance and parties acting in concert with it would normally be required to make a mandatory offer under Rule 9 of the City Code for the entire issued share capital of the Company at a price per Share which is not less than the highest price paid by Reliance or any person acting in concert with it for any Shares in the preceding 12 months.

Further information on the provisions of the City Code can be found in paragraph 6.2 of Part VII of this Document.

24. Additional information

The attention of prospective investors is drawn to the financial and other information set out in Parts II to VII of this Document, which provide additional information on the Company. In particular, prospective investors are advised to consider carefully the risk factors relating to any investment in Shares set out in Part II of this Document.

PART II

RISK FACTORS

There are significant risks associated with the Group's business, results of operations, financial conditions and prospects. Prior to making an investment decision in respect of the Shares, prospective investors and Shareholders (as appropriate) should consider carefully all of the information within this Document, including the following risk factors. The Board believes the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions or in legal, regulatory or tax requirements or a combination of these factors. The risks listed are not set out in any particular order of priority. Additionally, there may be risks not mentioned in this Document of which the Board is not aware or believes to be immaterial but which may, in the future, adversely affect the Group's business and the market price of the Shares.

If any of the following risks were to materialise, the Group's business, financial condition, results of operations or prospects could be materially and adversely affected. In such cases, the market price of the Shares could decline and an investor may lose part or all of his investment. An investment in the Company is, therefore suitable only for financially sophisticated investors who are capable of evaluating the risks and merits of such investment. Additional risks and uncertainties not presently known to the Board, or which the Board currently deems immaterial, may also have an adverse effect upon the Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities.

1. Risks relating to the Group and its business

Competition

The Group operates in a competitive market, where its competitors include large, technically competent and well capitalised companies. Certain competitors may offer a broader range of products which may result in the loss of customers or increased development costs associated with developing a specific type of product. The competition may result in the Group facing pressure to keep its pricing and product features competitive. Failure to do this could have an adverse impact on the Group's financial performance and may also adversely affect the Group's market share and materially affect its business and operating results.

There are no assurances that the competitiveness of the Group's competitors will not improve or that the Group will win market share from its competitors or maintain its existing market share. Current and potential competitors may have substantially greater financial, technical and marketing resources, longer operating histories, larger customer bases and more established relationships than the Group and so may be better able to compete in the Group's target markets.

Intellectual property rights

The Group relies on a combination of trade secret, copyright, non-disclosure laws and other contractual agreements and technical measures to protect its own and its customers' intellectual property. The Group has entered into confidentiality provisions as part of its arrangements with its employees and consultants. Despite the Group's efforts to protect its and its customers' proprietary rights, unauthorised third parties may attempt to copy or use information from the games the Group is working on. If the Group cannot successfully enforce its intellectual property rights or if a customer's intellectual property is damaged, this could have a material adverse effect on the Group's business, financial condition and prospects.

The Group cannot be certain that the steps it has taken to protect, register and enforce the intellectual property rights of the Group, specifically the rights relating to its proprietary software, domain names and brands, will be adequate or that third parties will not infringe or misappropriate the Group's proprietary rights.

The Group faces the risk that the use and exploitation of its intellectual property rights, including, in particular, rights relating to its proprietary software, may infringe the intellectual property rights of a third party. The Group also faces the risk that its intellectual property rights may be infringed by a third party, and there can be no assurance that the Group will successfully prevent or restrict any such infringing activity. The costs incurred in bringing or defending any infringement actions may be substantial, regardless of the merits of the claim, and an unsuccessful outcome for the Group may result in royalties or damages being payable and/or the Group being required to cease using any infringing intellectual property or embodiments of any such intellectual property (such as software). If any of the Group's intellectual property is held to be infringing, there can be no assurance that the Group will be able to develop alternative non-infringing intellectual property.

There can be no assurance that third parties will not independently develop or have not so developed similar or equivalent software to the Group's proprietary software, or will not otherwise gain access to the Group's source code, software or technology or obtain (on favourable terms or at all) alternative non-infringing intellectual property.

There can be no assurance that the Group's registered intellectual property is valid or enforceable and such intellectual property may be subject to challenge or circumvention by third parties. The Group has not registered all of its intellectual property rights that are registrable and no assurance can be given that any applications for registration made by the Group will be successful, as applied for or at all.

To attempt to mitigate some of the above risks, the Group has taken appropriate steps with employees and third parties to ensure that intellectual property rights it uses in its products are owned by the Group. For example, the Group's trademarks are monitored by its trademark attorney and its consultants are bound by confidentiality provisions around their use of the Group's intellectual property. However, if the Group cannot successfully enforce its intellectual property rights (or if the Group infringes the intellectual property rights of a third party), this could have a material adverse effect on the Group's business, financial condition and prospects.

Launch of new titles and the next generation of consoles

The Group is reliant on the success of any new title it launches. Each new title, such as "ONRUSH" which is due for release in June 2018, requires a significant amount of expenditure by the Group before the title is launched.

The level of revenues generated by a new title is partially dependent on the critical reception the new title enjoys on release, both from game reviewers and from consumers.

Although the Group undertakes test-marketing campaigns in respect of new titles the results of such campaigns are indicative and there can be no guarantee that a new title will be successful. Additionally, the Group receives recoupable advances which are linked to its revenue forecasting and which may become repayable depending on the success of a particular title or titles.

In the event a new title is not successful, the Group may not recover the expenditure it has incurred in relation to such title and this in turn could materially adversely affect the operations, financial performance and prospects of the Group.

The launch of the next generation of consoles, by console manufacturers such as Microsoft and Sony, has historically resulted in challenges to developers and publishers within the video games industry, as such a new launch may adversely affect the Group's business because it would have to adapt its products to technological change due to the new consoles, as well as increasing the number of platforms it produces its titles on during the period of transition to the new generation of consoles. In turn, this may increase the Group's development costs and adversely impact its financial condition. There may also be a slow uptake of the new consoles by consumers, which would result in reduced sales, coupled with a reduction in the price of the previous generation titles sold by the Group. This may adversely impact the Group's financial condition and could delay the Group's proposed strategy.

Single genre and the deterioration of F1

As Codemasters' products are within a single genre of the video gaming industry, there is a risk that deterioration in the popularity of that genre would adversely affect the financial performance of the Group. For instance, if there was a downturn in the popularity of racing games there would be a delay in the ability for the Group to implement its strategy, which in turn could have an adverse effect on the future of the Group's business and its trading performance.

The Group's F1 franchise is reliant on the popularity of F1 as a sport. In the event F1's popularity significantly diminishes, the F1 franchise will be less valuable and this could have a material adverse effect on the Group's sales.

Any downturn or negative effect on the Group's sales could materially adversely affect the operations, financial performance and prospects of the Group.

Current operating results as an indication of future results

The Group's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside its control. Accordingly, investors should not rely on comparisons with the Group's results to date as an indication of future performance. Factors that may affect the Group's operating results include increased competition, an increased level of expenses, technological change necessitating additional capital expenditure, the success of its games and changes to the statutory and regulatory regime in which it operates. It is possible that, in the future, the Group's operating results may fall below the expectations of market analysts or investors. If this occurs, the market price of the Shares may decline significantly.

Dependence on key personnel

The Group relies on a small management team and the loss of a key individual could result in a delay in the Group implementing its strategy, which in turn could have an adverse effect on the Group's business and its trading performance.

The Group's future success will also depend in large part upon its ability to attract and retain appropriate personnel. The Directors believe that the Group has the appropriate remuneration and other incentivisation structures and processes in place to attract and retain the calibre of employees necessary to ensure the continued development of the Group and its future success. However, there can be no assurance that the Group will be successful in attracting and retaining appropriate employees or suitable replacements and the failure to do so could have a detrimental effect on the Group's business, results of operations, financial condition and prospects.

For example, the Group's F1 contracts require support from suitably experienced individuals within the Group and in the event that any one or more of such individuals were to leave the Group, the Group would be required to find suitable replacements.

Reliance on strategic relationships

In conducting its business, the Group will rely on continuing existing strategic relationships and forming new ones with other entities in the gaming industry. While the Group has no reason to believe otherwise, there can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed.

Approximately 95 per cent. of the Group's packaged goods revenues derive from a distribution agreement with Koch Media. The reliance on a single distributor is a risk should the relationship terminate and the Group be unable to replace it with another distributor in a timely manner. The Directors believe that the relationship with Koch Media is a strong one, however, in the event the relationship was to cease, there are other distributors that the Group could engage with, some of which they have worked with in the past. Any material disruption to the distribution of the Group's packaged goods due to the termination of its relationship with Koch Media could have a material adverse effect on the Group's business and financial performance.

F1 relationship

The Group's ongoing relationship with F1 is important to Codemasters' business and the licence agreement with Formula One World Championship Limited is a key asset of the Group. There is a risk that if the Group was to fail to release a game pursuant to the terms of the F1 licence, or if the owners of F1, Liberty Media, were to decide not to renew the license for the 2022 Formula One World Championship onwards, it would be detrimental to the Group's business and could delay the implementation of its strategy. In the case of the Group failing to release a game in any year, it would still be contracted to pay the periodic guarantee payments due to Formula One World Championship Limited, which could have an adverse impact on its financial performance. As a result of the early negotiation of the F1 licence with Liberty Media, Codemasters may be able to mitigate some of the above risks as it ought to be aware of such non-renewal up to two years prior to the expiry of the current licence. The Group could therefore focus its attention on assembling a team to make a different franchise or title during this period. However, there can be

no assurance that such efforts would be successful and the loss of the F1 licence could materially adversely affect the business of the Group and its trading performance.

The Group engages a third party developer to develop its F1 titles on a variety of mobile platforms. If the third party developer was to become insolvent or fail to deliver the mobile version of the F1 title in such a way that would result in the Group breaching the terms of its license with Formula One World Championship Limited, it may adversely impact its relationship with Liberty Media, which in turn could be detrimental to the Group's business.

Foreign exchange movements

The Group has certain contracts priced in foreign currencies, has employees based overseas paid in foreign currencies, and receives a substantial portion of its cash advances and revenues in foreign currencies, such as US\$ and EU€. As the majority of the Group's employees are based in the UK and are paid in Sterling, it therefore has significant exposure to the risk that adverse exchange rate movements could cause its revenues to decrease or costs to increase (relative to its reporting currency) which would result in reduced profitability. Given revenues are concentrated around new title release dates and the quantum of revenues is subject to the critical reception of its new titles, hedging foreign currency risk in the income statement is difficult in practice.

When deemed relevant, the Group may use forward foreign exchange contracts to mitigate the exposure of cash flows to currency risk as it has visibility over significant foreign currency advances and licence fee payments. However this may not always be entirely effective, and residual currency risk may exist.

Irregular revenues and financial resources

The Group's revenues are primarily driven by game release schedules, particularly for boxed sales when revenues mostly occur in the month that a new franchise is released. Similarly, the highest sales for digital revenues occur around the launch date although these are not as concentrated as boxed sales. As a result the Group's revenues tend to be highly concentrated into specific months. As a result, delays in the launch of new titles would result in delays in the recognition of revenue and could have a material adverse effect on the Group's profit for a given financial reporting period.

The Group's "DiRT", "GRID" and "F1" franchises contribute a significant proportion of the Group's total revenue and any downturn in the popularity and subsequent sales of one of these franchises may adversely affect the Group's financial condition.

The Group's future capital requirements will depend on numerous factors, including the success of the games it develops and publishes. In the future the Group may require additional funds and may attempt to raise such funds through equity or debt financings or from other sources. Any additional equity financing may be dilutive to the holders of Shares and any debt financing, if available, may require restrictions to be placed on the Group's future financing and operating activities. The Group may be unable to obtain additional financing on acceptable terms if market and/or economic conditions, the financial condition or operating performance of the Group or investor sentiment are unfavourable. The Group's inability to raise further funds may hinder its ability to grow in the future.

Reliance on the Group's brands and effectiveness of marketing

As the gaming industry becomes increasingly competitive, the success of the Group depends on the maintenance, development and enhancement of the Group's brands. If the Group is unable to maintain, develop and enhance its brands, its ability to implement its strategic goals may be adversely affected. As a result, the Group's operating results would be adversely affected.

Customer acquisition and retention, and therefore the Group's business, financial condition and results of operations, depend significantly upon the effectiveness of its marketing activities. The Group is reliant on marketing and advertising services to attract and retain customers and end-users, including television advertising and online marketing techniques (including social media). The cost of such marketing activities could significantly increase, while the increase may not be reflected in increased revenues. It is also possible that the marketing campaigns do not have the desired impact on sales. The impact of increasing costs associated with marketing could materially adversely affect the operations, financial performance and prospects of the Group.

Market growth, new developments and technological trends

The global video games market has seen consistent growth for many years. There is, however, a risk to the Group that trends may reverse or continue at slower rates than expected.

The video games market is competitive and selective and is subject to concentration and economic fluctuations, with rapid technological changes requiring significant research and development investment.

In order to remain competitive, the Group will need to continue to select the games it develops and its target platforms carefully and adapt how it derives revenues from its games and technology in a changing consumer environment. If the Group is not successful in doing so, this could have a material adverse effect on the financial and trading position of the Group. However, the Group is already focused on mitigating this risk by moving more towards the digital distribution of its products.

Ability to expand into new markets

An element of the Group's strategy for growth envisages the Group selling new or existing products into other territories or countries or into new markets. Whilst the Directors believe that these are viable areas for growth, there can be no guarantee as to successful execution of such a strategy. This may have a material adverse effect on future revenue and profitability.

Economic conditions

The Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors in the UK or elsewhere. These risks and uncertainties include, but are not limited to: inflation; labour unrest; risk of war or civil unrest; changes in taxation policy; international sanctions, terrorist activities and extreme fluctuations in currency exchange rates.

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's products. A more prolonged economic downturn may lead to an overall decline in the volume of the Group's sales, restricting the Company's ability to generate a profit.

Some contracts contain unfavourable terms

Some of the Group's commercial contracts with third parties contain unfavourable terms. For instance, the Group is contracted to repay a recoupable advance provided by Koch Media even if certain sales targets under its current arrangements as set out in the relevant contract are not met. The Group has a contract with SUBOR which includes the receipt of a recoupable minimum guarantee from SUBOR, which it is contracted to repay including if Codemasters is unable to deliver the game to SUBOR in accordance with the terms of the contract.

The Directors believe the contractual terms as described above are common across the computer games industry and they seek to mitigate any potential issue under such terms by developing strong relationships with key customers and delivering services on time and to the specified quality and specification.

Contractual termination rights

Under a number of the Group's commercial contracts with platform holders, the platform holders (or either party in some instances) has a right to terminate for convenience which the Directors believe is common practice in the computer games industry. In such circumstances, under some of these contracts, the Group will be entitled to a compensation payment but this will generally only cover the direct costs incurred by the Group on work undertaken up to the date of termination. These payments will not compensate the Group for any resulting loss of profits and will not provide the full amount of revenue that could otherwise have been earned under the relevant contract.

The Group requires numerous licences from third parties to enable it to use key images, cars, names and people in its games. A number of these licences, the majority of which are automotive brand license agreements in respect of the "GRID" and "DiRT" franchises, provide the third party licensor with a right to terminate the contract upon a change of control of the Group, or of the contracting subsidiary. If a licensor were to terminate its contract(s) with the Group in such a circumstance, the Group would not be entitled to any compensation payments. The Group has sought change of control waivers from the applicable licensors. If a licensor did not provide its consent it would adversely affect the Group's existing back catalogue as the applicable car, name or person would need to be removed from the game. However, the Directors believe that the

proportion of the Group's revenue produced from back catalogue titles going forward is not material.

The Group also has a small number of commercial contracts which allow the other contracting party to terminate the contract upon a change of control of the Group, or of the contracting Codemasters subsidiary. The termination of any such contract which is material to the Group's business could have a significant detrimental impact on the Group's revenues and its ability to carry on its business. The Group is seeking change of control consents from those third parties that the Directors consider to be material.

Open source software

Each franchise produced by the Group comprises a significant amount of open source software or modules. Open source software is typically licensed for use at no initial charge on terms which allow modification and distribution of the software by the licensee. However, licence terms may impose on the user compliance requirements and obligations to disclose modifications made to the software to third parties. Open source software is available to the public for anyone to access and utilise, including the Group's competitors.

The Group's ability to realise fully the commercial benefits of any such software may be restricted because, due to the requirements to licence modified software, the Group's competitors or licensees may have access to information which may help them to develop competitive products. It may also be difficult for the Group to identify accurately the developers of the open source code (who may be licensors of the software) and whether the licensed software infringes third party intellectual property rights. Furthermore, the scope and requirements of some common open source software licences may subject certain portions of the Group's proprietary software to certain requirements, including an obligation on the Group to disclose that software to third parties and to permit them to use the software free of charge. Finally, open source licences typically present onerous compliance risks, and failure to observe these may result in litigation or the loss of the right to use the software which may have an adverse effect on the Group's financial condition and future prospects.

The Group is not aware that it has breached any of these compliance requirements nor has any third party claimed that software owned by the Group should be made available on an open source basis. The Directors believe the Group has an effective process in place for checking all open source licenses that are used in its games so the Group can identify any legal terms of credits that are required to be incorporated in the game. However, any of the risks or restrictions relating to open source software mentioned above could have an adverse impact on the Group's financial condition and future prospects.

Video Games Tax Relief

The Group benefits from the VGTR scheme that came into force in 2014 and to date all of the internally developed franchises the Group develops qualify for VGTR. Therefore the Group receives a substantial VGTR cash inflow to partially offset its development costs. There can be no guarantee that future games will qualify for VGTR or that all current claims will be successful. If changes to VGTR policy were made in the future, or if current or future games were not able to benefit from VGTR, it could potentially restrict how the Group could remain eligible for VGTR. If current or future games were not able to benefit from VGTR, this could materially impact the Group's financial performance and have a significant adverse commercial impact on the Group.

IT security and software piracy risks

The video game industry is subject to the threat of IT security breaches, unauthorised copying and software piracy. The Group's products (both packaged goods and digital goods) are typically subject to copy protection technology or other technological protection measures intended to prevent software piracy. The protection is ordinarily added to the Group's products by the digital platforms rather than by Codemasters, however these measures may not be adequate to fully protect against piracy. Unauthorised copying of the Group's own IP, or games produced by the Group for which the Group may be entitled to revenue-based royalties, could have an adverse effect on the Group's ability to generate revenues and profits. Complete protection cannot be guaranteed and an IT security breach could cause significant disruption to the Group's operations.

The Group relies on the ongoing stability of its IT systems

The Group is highly dependent on the effective operation of its IT systems and infrastructure due to the nature of the Group's operations. This dependence is increased by the Group's workflow structure, which provides for work to be passed between its operations in the UK and overseas. The Group has put in place business continuity and disaster recovery procedures in the event of failure of, or disruption or damage to, the Group's network or IT systems. However, such procedures may not be sufficient to ensure that the Group is able to carry on its business in the ordinary course in the event of such a failure, disruption or damage. Any major systems failure, including failures relating to the Group's network, software, internet, remote servers it utilises or hardware, which causes material delay or interruption in the operation of the Group's systems could have a material adverse effect on the Group's ability to fulfil its obligations under its contracts in addition to harming its relationships with its end-users and diminishing the Group's goodwill. Such an event could therefore have a material adverse effect on the Group's profitability, financial condition and revenue.

Industry regulation

The video games industry is subject to a number of laws and regulations, in particular those relating to consumer protection, also covering but not limited to information given to consumers on the rules of use and content of games, the classification of games in accordance with age-rating, the protection of consumers' personal data when this data is collected and the protection of minors (notably by setting up parental consent procedures).

The Group, like other video games developers, is exposed to multiple prerequisites such as changes in regulations and standards relating to data protection and the management of personal data. A breach of any such laws, regulations or standards, could have a material adverse effect on the Group's financial performance.

Data privacy compliance breaches or failure to protect confidential information

The Company is subject to a number of laws relating to privacy and data protection, including the Data Protection Act 1998 and the Privacy and Electronic Communications (EC Directive) Regulations 2003, as well as relevant non-EEA data protection and privacy laws. Such laws govern the Company's ability to collect, use and transfer personal information relating to its customers, own employees and others, including the use of that information for marketing purposes and for its advertisers to focus their advertising campaigns. The Company relies upon third party contractors and its own employees to collect and process personal data and to maintain its databases. Therefore, the Company is exposed to the risk that such data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of data protection law and regulation.

With effect from 25 May 2018, the Company will be subject to the General Data Protection Regulation (Regulation (EU) 2016/679) ("**GDPR**") which will place more onerous obligations on the Company in relation to data protection compliance. The Company has taken steps to prepare for the implementation of GDPR but there is a risk that such measures may not be deemed sufficient in order to comply with the regulation or regulatory guidance. Failure to comply with the GDPR could result in the Group being liable under the GDPR, including a liability for fines. The maximum level of fines under the GDPR is significantly higher than the current regime and is set at either (a) the greater of €10m and 2 per cent. of worldwide annual turnover for the preceding year or (b) the greater of €20m and 4 per cent. of worldwide annual turnover for the preceding financial year. Despite controls to protect the confidentiality and integrity of customer information, the Company may breach restrictions or may be subject to attack from computer programmes that attempt to penetrate its network security and misappropriate confidential information.

If the Company or any of the third party service providers on which it relies, fails to store or transmit information and/or payment details online in a secure manner, or if any unauthorised or unlawful loss, disclosure or destruction of personal data were otherwise to occur, the Company may be subject to, amongst other things, claims from third parties relating to the infringement of privacy rights and/or investigative or enforcement action (including criminal proceedings and significant pecuniary penalties) by the Information Commissioner's Office in the UK or similar regulatory jurisdictions in which the Group operates. Whilst the Company strives to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data protection, it is possible that such requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or the Company's practices.

Any perceived or actual failure to protect confidential data may harm the Company's reputation and credibility, adversely affect revenue, reduce its ability to attract and retain customers or result in litigation or other actions being brought against the Company, or the imposition of fines and, as a result, could have a material adverse impact on its business, operations and financial condition.

Overseas operations

The Group currently has overseas subsidiaries in Malaysia and Malta. These jurisdictions have different regulatory, fiscal, and legal environments that could change in the future and could impact how the Group conducts its business in these countries. If the Group fails to comply with the laws and regulations applicable to its overseas operations, it could be subject to reputational and legal risks, including government enforcement action and/or fines. Such risks, if realised, could have a short-term adverse effect on the Group's profits and financial condition.

Future acquisitions may have an adverse effect on the Group's ability to manage its business

If the Group is presented with appropriate opportunities, it may acquire complementary intellectual property, technologies, development teams, additional studios, companies or assets. Future acquisitions would expose the Group to potential risks, including risks associated with the assimilation of new technologies and personnel, unforeseen or hidden liabilities, the diversion of management attention and resources from the Group's existing business and the inability to generate sufficient revenues to offset the costs and expenses of acquisitions. Any difficulties encountered in the acquisition and integration process may have an adverse effect on the Group's ability to manage its business.

Estimates in financial statements

Preparation of consolidated financial statements will require the Group to use estimates and assumptions. Accounting for estimates will require the Group to use its judgement to determine the amount to be recorded in its financial statements in connection with these estimates. In addition, the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. If the estimates and assumptions are inaccurate, the Group could be required to write down the value of certain assets. On an ongoing basis, the Group will re-evaluate its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

The Company may be subject to Brexit related risk

On 23 June 2016, the United Kingdom held a referendum on the United Kingdom's continued membership of the European Union. This resulted in a vote for the United Kingdom to exit the European Union. There are significant uncertainties in relation to the terms and timeframe within which such an exit will be effected, and there are significant uncertainties as to what the impact will be on the fiscal, monetary and regulatory landscape in the UK, including *inter alia*, the UK's tax system (and VGTR scheme), the conduct of cross-border business and export and import tariffs. There is also uncertainty in relation to how, when and to what extent these developments will impact on the economy in the UK and the future growth of its various industries and on levels of investor activity and confidence, on market performance and on exchange rates. There is also a risk that the vote by the UK to leave could result in other member states re-considering their respective membership of the European Union. Although it is not possible to predict fully the effects of the UK's exit from the European Union, any of these risks could have a material adverse impact on the financial condition, profitability and share price of the Company.

The Group's business, results of operations, financial conditions and prospects may suffer a detrimental affect as a result of the UK leaving the European Union as it may prove harder to retain existing EU employees currently employed by Codemasters and it could also result in the Group finding it more difficult to attract new employees who are currently based in the EU.

Substantial Shareholder

Following Admission, Reliance will own approximately 28.5 per cent. of the Enlarged Share Capital. As a result, Reliance will be able to exercise certain control over a number of matters requiring shareholder approval. In order to ensure that future transactions between the Group and Reliance are on arm's length and normal commercial terms and the Board is able to operate the Company independently of Reliance, Reliance has entered into a Relationship Agreement as detailed in paragraph 12.6 of Part VII of this Document.

Reliance is restricted from selling its Shares under the terms of the Lock-in Agreement as detailed in paragraph 12.5 of Part VII of this Document. Reliance could sell a significant amount of its shareholding following the expiry of the lock-in period which could lead to a fluctuation in the market price of the Shares.

Negative public relations

Any significant negative press or publicity in connection with the use of video games such as the impact video games may have on an individual's health, consumer bad practice or a public relations backlash with regards to the video gaming industry more generally, could affect the growth of the video gaming industry. This could have a subsequent adverse effect on the Group's revenues and therefore the financial performance and prospects of the Group.

2. Legal and Tax Risks

Litigation

Legal proceedings may arise from time to time in the course of the Group's business. While the Group currently has no outstanding litigation, there can be no guarantee that the current or future actions of the Group will not result in litigation and the gaming industry, as with all industries, may be subject to legal claims, both with and without merit, from time to time. The Directors cannot guarantee that litigation may not be brought against the Group in the future from time to time or that it may not be subject to any other form of litigation. Any defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Group's financial position, results of operations or prospects.

Legal risks

Legal risks include the inability to enforce foreign judgments relating to contracts entered into by the Group that are governed by laws outside England and Wales, absence of a choice of law, and an inability to refer disputes to arbitration or to have a choice with regard to arbitration rules, venue and language. Mitigation measures for these risks may be limited.

Taxation risks

The Company is subject to UK tax legislation, practice and concession and interpretation thereof, and any change in the Group's tax status or the tax applicable to a holding of Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Group, affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. It should be noted that the information contained in Part V of this Document relating to the taxation of the Group and its investors is based upon current tax law and practice which is subject to legislative change. The taxation of an investment in the Company depends on the individual circumstances of investors.

Changes in the tax laws of countries that are applicable to the Group, in particular the UK, or any other subordinate legislation or the practice of any relevant taxation authority could have a material adverse effect on the Group. An investment in the Company may involve complex tax considerations which may differ for each investor and each investor is advised to consult their own tax advisers.

Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in the Company may change at any time.

Bribery

The Group has adopted a formal Anti-Bribery and Corruption Policy which complies with the UK Bribery Act 2010 and which applies, *inter alia*, to all staff, consultants and contractors that work with the Group across its operations. The policy seeks to ensure that the Group operates in an ethical and transparent manner in all business dealings and that the Company has a mechanism for staff to alert management should any issues or incidents occur. The Group will continue to review its anti-corruption procedures to ensure that they are sufficiently robust to prevent corruption and to mitigate the risk of any member of the Group committing an offence under applicable bribery legislation. There can be no guarantee that the employees of the Group or its other associates will abide by these procedures and as such the Group, its Directors and employees of

the Group could be exposed to criticism or prosecution under the UK's Bribery Act 2010 or similar legislation in other jurisdictions.

3. Risks related to Shares

General risks of investing in shares traded on AIM and liquidity

Shares traded on AIM may carry a higher degree of risk and be less liquid than shares in companies whose shares are listed on the Official List. It is possible that an active trading market may not develop and continue in the Shares upon completion of the Placing. Even if an active trading market develops, the market price for the Shares may fall below the Placing Price. As a result of fluctuations in the market price of the Shares, investors may not be able to sell their Shares at or above the Placing Price, or at all. Investors may therefore realise less than, or lose all of, their investment.

In addition, AIM is a less regulated market than the Official List. For example, there are fewer circumstances in which the Company would be required to seek Shareholder approval for transactions and the requirements for disclosure of the financial history of any asset holding companies that are acquired may be lower. Investors may suffer actual or perceived prejudice to the extent the Company takes advantage of the increased flexibility it is allowed through AIM.

The Company is principally aiming to achieve capital growth and, therefore, Shares may not be suitable as a short-term investment. The share price may be subject to greater fluctuation on small volumes of shares traded, and thus the Shares may be difficult to sell at a particular price. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Company. There can be no guarantee that the value of an investment in the Company will increase.

The Shares will not be listed on the Official List and, although the Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore, the Shares may be subject to greater fluctuations than might otherwise be the case.

Share price volatility

The market price of the Shares may be subject to significant fluctuations in response to many factors including variations in the Company's results, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, changes to tax or other legislation in the Company's sector or other events or circumstances outside of the Company's control.

In addition, if the stock market in general experiences loss of investor confidence, the trading price of the Shares could decline for reasons unrelated to the Group's business, financial condition or operating results. The trading price of the Shares might also decline in reaction to events that affect other companies in the industry, even if these events do not directly affect the Group. Each of these factors, among others, could harm the value of an investment in the Shares. In the past, following periods of volatility in the market, securities litigation has often been instituted against companies. Such litigation, if instituted against the Group, could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect the business, operating results and financial condition of the Group.

Exposure to economic cycle

Market conditions may affect the value of the Group's share price regardless of operating performance. The Group could be affected by unforeseen events outside its control including economic and political events and trends, inflation and deflation, terrorist attacks or current exchange fluctuation. The combined effect of these factors is difficult to predict and an investment in the Group could be adversely affected by changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Group may operate.

Market perception

Market perception of the Group may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by issue of further Shares or otherwise.

Future issues or sales of the Shares could cause the share price to decline

If the Company issues equity securities in the future or if Shareholders sell a substantial number of the Shares in the public market after Admission, or if there is a perception that these sales or issuances might occur, the market price of the Shares could decline and may make it more difficult for Shareholders to sell Shares at a desirable time or price. The Company has entered into the Lock-In Agreements which restrict certain Shareholders' ability to sell their Shares to limited circumstances for a period of time after Admission, which reduces this risk.

The Company may issue Shares, or other securities, from time to time. In the event any such acquisition or investment is significant, the number of Shares, or the number or aggregate principal amount, as the case may be, of other securities that the Company may issue may in turn be significant, causing further downward pressure on the Company's share price, which could result in a material decline in the market price of the Shares.

Dilution of shareholders' interests as a result of additional equity fundraising

If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a pre-emptive basis to existing shareholders, the percentage ownership of the existing shareholders may be reduced. Furthermore, the issue of additional Shares may be on more favourable terms than the Placing Shares. The issue of additional Shares by the Company, or the possibility of such issue, may cause the market price of the Shares to decline and may make it more difficult for Shareholders to sell Shares at a desirable time or price. There is no guarantee that market conditions prevailing at the relevant time will allow for such a fundraising or that new investors will be prepared to subscribe for Shares at a price which is equal to or in excess of the Placing Price.

The Company may also in the future grant Share Incentive Awards pursuant to the Share Incentive Awards Plans, including to employees, directors and management. Share Incentive Awards may be settled by using newly issued Shares resulting in the dilution of the shareholdings of existing Shareholders, but subject to the ten per cent. limit set out in paragraph 4 of Part VII of this Document.

Dividends

It is not currently the intention for the Company to pay dividends. The Company's ability to pay dividends in the future will depend on the level of distributions, if any, received from its operating subsidiaries. The Company's subsidiaries may, from time to time, be subject to restrictions on their ability to make distributions, including foreign exchange limitations and regulatory, fiscal and other restrictions. There can be no assurance that such restrictions will not have a material adverse effect on the Company's results or financial condition.

Costs of being a quoted company

As a quoted company, the Company will be required to comply with certain additional laws, regulations and requirements, including the requirements of AIM. Complying with these laws, regulations and requirements will occupy a significant amount of the time of the Board and management and will increase the Company's costs and expenses. The Company expects that compliance with these laws, regulations and requirements will increase its legal and financial compliance costs and is likely to require it to hire additional personnel or consultants. The Company cannot predict or estimate the amount of additional costs which it may incur or the timing of such costs.

In order to comply with these laws, regulations and requirements, the Company will need to:

- expand the roles and duties of its Board, its Board committees and management;
- institute more comprehensive compliance functions and add an internal audit function;
- evaluate and maintain its system of internal control over financial reporting, and report on management's assessment of it;
- prepare and distribute periodic public reports in compliance with the Company's obligations under applicable laws and regulations;
- implement more comprehensive internal policies, such as those relating to disclosure controls and procedures and insider trading;
- involve, to a greater degree, outside counsel and accountants in the above activities; and

- hire investor relations support personnel.

If the Company fails to take some of these actions, in particular with respect to its internal audit and accounting functions and its compliance function, its ability to report its financial results accurately and in a timely manner could be impaired.

PART III

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

SECTION A: HISTORICAL FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 MARCH 2018

The financial information of the Group for the three years ended 31 March 2018 set out below has been prepared by the Directors of the Group on the basis set out in note 2. The accompanying notes represent an integral part of the financial information. The financial information contained within this section does not constitute statutory accounts within the meaning of section 434 of the Act.

Consolidated income statements

		Year ended 31 March 2016 £000	Year ended 31 March 2017 £000	Year ended 31 March 2018 £000
Revenue	5	31,002	50,056	63,566
Cost of sales		(4,998)	(7,436)	(9,790)
Gross profit		26,004	42,620	53,776
Distribution costs		(3,634)	(7,289)	(10,026)
Administrative expenses:				
– research expenses and amortisation of development costs		(20,517)	(20,676)	(28,922)
– creative sector relief		5,365	5,749	6,162
– other administrative expenses		(3,995)	(4,001)	(6,170)
– share based payments	8	—	(2,058)	(6,762)
Total administrative expenses		(19,147)	(20,986)	(35,692)
Operating profit	6	3,223	14,345	8,058
Interest receivable and similar income	10	17	48	24
Interest payable and similar charges	11	(13,851)	(26,404)	(9,564)
Net interest payable		(13,834)	(26,356)	(9,540)
Loss on ordinary activities before taxation		(10,611)	(12,011)	(1,482)
Tax (charge)/ credit on loss on ordinary activities	12	3	(10)	2,384
Profit/(loss) on ordinary activities after taxation		(10,608)	(12,021)	902
Profit/(loss) attributable to:				
Owners of the parent		(8,582)	(12,616)	(2,460)
Non controlling interest	15	(2,026)	595	3,362
Profit/(loss) for the financial year		(10,608)	(12,021)	902
Earnings per share		£	£	£
Basic earnings/(loss) per share	32	(0.00)	(0.00)	(0.00)
Diluted earnings/ (loss) per share		(0.00)	(0.00)	(0.00)

Consolidated statements of comprehensive income

	<i>Year ended 31 March 2016 £000</i>	<i>Year ended 31 March 2017 £000</i>	<i>Year ended 31 March 2018 £000</i>
Profit/(loss) for the financial year	(10,608)	(12,021)	902
Other comprehensive income/(loss):			
Items that will be reclassified subsequently to profit or loss			
Currency translation differences	(785)	(302)	1
Total comprehensive income/(loss) for the year	<u>(11,393)</u>	<u>(12,323)</u>	<u>903</u>
Total comprehensive income/(loss) attributable to:			
Owners of the parent	(9,367)	(12,918)	(2,459)
Non controlling interests	<u>(2,026)</u>	<u>595</u>	<u>3,362</u>
Total comprehensive income/(loss)	<u>(11,393)</u>	<u>(12,323)</u>	<u>903</u>

Consolidated statements of changes in equity

	<i>Called up share capital £000</i>	<i>Share premium account £000</i>	<i>Merger reserve £000</i>	<i>Profit and loss account £000</i>	<i>Currency Translation Reserve £000</i>	<i>Total attributable to owners of the parent £000</i>	<i>Non- controlling Interest £000</i>	<i>Total equity £000</i>
At 1 April 2015	43,687	82,524	8,816	(200,421)	—	(65,394)	(12,065)	(77,459)
Loss for the year	—	—	—	(8,582)	—	(8,582)	(2,026)	(10,608)
Net exchange differences on translation of foreign subsidiaries	—	—	—	—	(785)	(785)	—	(785)
Total comprehensive income for the year	—	—	—	(8,582)	(785)	(9,367)	(2,026)	(11,393)
At 1 April 2016	43,687	82,524	8,816	(209,003)	(785)	(74,761)	(14,091)	(88,852)
Loss for the year	—	—	—	(12,616)	—	(12,616)	595	(12,021)
Net exchange differences on translation of foreign subsidiaries	—	—	—	—	(302)	(302)	—	(302)
Total comprehensive income for the year	—	—	—	(12,616)	(302)	(12,918)	595	(12,323)
At 1 April 2017	43,687	82,524	8,816	(221,619)	(1,087)	(87,679)	(13,496)	(101,175)
Profit for the year	—	—	—	(2,460)	—	(2,460)	3,362	902
Net exchange differences on translation of foreign subsidiaries	—	—	—	—	1	1	—	1
Total comprehensive income for the year	—	—	—	(2,460)	1	(2,459)	3,362	903
Issue of 1 Preferred Share	—	—	—	—	—	—	—	—
Transactions with owners	—	—	—	—	—	—	—	—
At 31 March 2018	43,687	82,524	8,816	(224,079)	(1,086)	(90,138)	(10,134)	(100,272)

Consolidated statements of financial position

		31 March 2015 £000	31 March 2016 £000	31 March 2017 £000	31 March 2018 £000
	Note				
Non-current Assets					
Intangible assets	13	19,734	22,761	28,081	36,457
Tangible assets	14	6,993	7,030	7,596	8,520
Deferred tax asset	12	—	—	—	2,409
		<u>26,727</u>	<u>29,791</u>	<u>35,677</u>	<u>47,386</u>
Current assets					
Inventories	16	200	2,477	151	182
Trade and other receivables	17	4,159	3,238	2,694	3,302
Creative Sector tax credit receivable		3,700	4,567	5,693	2,947
Cash at bank and in hand	18	509	813	1,162	9,136
		<u>8,568</u>	<u>11,095</u>	<u>9,700</u>	<u>15,567</u>
Total Assets		<u>35,295</u>	<u>40,886</u>	<u>45,377</u>	<u>62,953</u>
Non-current liabilities					
Loans and borrowings	20/21	(14,984)	(7,082)	(1,247)	(202)
Trade and other payables	20	(3,046)	(5,832)	(3,608)	(7,912)
		<u>(18,030)</u>	<u>(12,914)</u>	<u>(4,855)</u>	<u>(8,114)</u>
Current liabilities					
Loans and borrowings	19/21	(69,330)	(95,207)	(121,226)	(121,819)
Trade and other payables	19	(23,613)	(19,864)	(16,006)	(21,081)
Share based payments accrual	8	—	—	(2,058)	(8,820)
Provisions for liabilities	24	(1,781)	(1,753)	(2,407)	(3,391)
		<u>(94,724)</u>	<u>(116,824)</u>	<u>(141,697)</u>	<u>(155,111)</u>
Total Liabilities		<u>(112,754)</u>	<u>(129,738)</u>	<u>(146,552)</u>	<u>(163,225)</u>
Net liabilities		<u>(77,459)</u>	<u>(88,852)</u>	<u>(101,175)</u>	<u>(100,272)</u>
Capital and reserves					
Called up share capital	25	43,687	43,687	43,687	43,687
Share premium account		82,524	82,524	82,524	82,524
Merger reserve		8,816	8,816	8,816	8,816
Profit and loss account		(200,421)	(209,003)	(221,619)	(224,079)
Currency translation reserve		—	(785)	(1,087)	(1,086)
Total shareholders' deficit		<u>(65,394)</u>	<u>(74,761)</u>	<u>(87,679)</u>	<u>(90,138)</u>
Non-controlling interest	15	(12,065)	(14,091)	(13,496)	(10,134)
Capital employed		<u>(77,459)</u>	<u>(88,852)</u>	<u>(101,175)</u>	<u>(100,272)</u>

Consolidated cash flow statements

	Year ended 31 March 2016 £000	Year ended 31 March 2017 £000	Year ended 31 March 2018 £000
Cash flows from operating activities			
Loss for the financial year before taxation	(10,611)	(12,011)	(1,482)
Adjustments for:			
Amortisation of intangible fixed assets	18,373	15,997	23,048
Depreciation of tangible fixed assets	120	181	139
Creative sector relief recognised	(5,365)	(5,749)	(6,162)
Share based payments	—	2,058	6,762
Interest charged	12,000	17,805	17,229
Exchange movement on loans	1,834	8,551	(7,689)
Exchange (gains)/losses	(748)	(269)	936
Amounts representing net changes in working capital:			
(Inc)/Dec in trade and other receivables	869	1,944	(545)
(Inc)/Dec in inventories	(2,277)	2,326	(31)
Inc/(Dec) in trade and other payables	(5,858)	(9,406)	(354)
Inc/(Dec) in provisions	(29)	653	984
Cash from operations	8,308	22,080	32,835
Creative sector relief received	4,498	4,623	8,845
Income taxes received/(paid)	3	(10)	—
Net cash generated from operating activities	12,809	26,693	41,680
Cash flow from Investing activities			
Proceeds from sale of tangible fixed assets	60	2	—
Payments to acquire tangible fixed assets	(581)	(1,314)	(2,004)
Payments to acquire or develop intangible fixed assets	(15,142)	(20,755)	(22,829)
Net cash used in investing activities	(15,663)	(22,067)	(24,833)
Cash flow from financing activities			
Proceeds from borrowings	13,741	7,897	1,723
Loan repayments	(7,089)	(10,775)	(10,237)
Interest received	17	48	24
Interest paid	(1,039)	(1,369)	(380)
Net cash generated from/(used in) financing activities	5,630	(4,199)	(8,870)
Net increase in cash and cash equivalents	2,776	427	7,977
Cash and cash equivalents at the beginning of the year	509	813	1,162
Exchange (loss)/on cash and cash equivalents	(2,472)	(78)	(3)
Cash and cash equivalents at the end of the year	813	1,162	9,136
Cash and cash equivalents consist of:			
Cash at bank and in hand	813	1,162	9,136
Short term deposits	—	—	—
Cash and cash equivalents at the end of the year	813	1,162	9,136

Notes to the Historical Financial information

1 General Information

Codemasters Group Holdings plc (the Company) is a public company limited by shares incorporated and domiciled in England and Wales. The Company was initially incorporated as a private limited company in 2007 and re-registered as a public limited company on 22 May 2018. The Registered Number is 06123106 and the Registered Office is Codemasters Campus, Stoneythorpe, Southam, Warwickshire, CV47 2DL.

The Company, together with its subsidiaries (the Group) is engaged in the development and sale of video games.

A list of the Company's subsidiaries is presented in note 15.

2 Accounting policies

Basis of preparation

This Historical Financial Information is prepared on the going concern basis, under the historical cost convention. This Historical Financial Information is prepared in sterling, which is the functional currency of the parent and rounded to the nearest £000, except for earnings per share. The Historical Financial Information does not constitute statutory accounts for the purposes of Section 434 of the Companies Act 2006.

This basis of preparation describes how this Historical Financial Information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (together "IFRS").

The principal accounting policies of the Group are set out below. These policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial information unless otherwise stated.

This is the first financial information that the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 March 2018, the Group prepared its financial information in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS102")'.

Accordingly, the Group has prepared this Historical Financial Information which complies with IFRS applicable for the periods ending on or after 31 March 2018, together with the comparative periods, the years ending 31 March 2016 and 31 March 2017. In preparing this Historical Financial Information, the Group's opening statement of financial position was prepared as at 31 March 2015, the Group's date of transition to IFRS.

The policies applied under the entities previous accounting framework are not materially different to IFRS and have not impacted on equity or profit and loss. Certain presentation differences between previous GAAP and IFRS have no impact on reported profit or total equity. Other prior period adjustments identified during transition to IFRS are detailed within note 33.

IFRS 1 'First-Time Adoption of International Financial Reporting Standards' allows first-time adopters certain exemptions from the retrospective application of certain standards. Freehold land and buildings, were carried in the statement of financial position prepared in accordance with FRS102 at a deemed cost as at a historic revaluation date. The Group has elected to regard those values as deemed cost at the date of transition to IFRS as the Directors believe that the deemed cost value is broadly comparable to market value. In addition, cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS.

Standards and amendments to IFRS not yet effective and not adopted by the Group

At the date of authorisation of this Historical Financial Information the following standard is not yet effective:

- IFRS 16 'Leases' will replace IAS 17 'Leases' and is effective for periods beginning on or after 1 January 2019.

IFRS 16 will record all leases in the statement of financial position in the form of a right-of-use asset and a lease liability. This will apply similar treatment of operating leases when compared to finance leases.

The Directors have not early adopted this standard. Management is yet to fully assess the impact of the Standard and is unable to provide quantified information. A full review of the impact is due

to be undertaken prior to the end of the Group's financial year 31 March 2020, which is the first financial period that this standard will be implemented.

Basis of consolidation

The consolidated financial information incorporates Historical Financial Information of the Company and all its subsidiary undertakings made up to 31 March 2016, 31 March 2017 and 31 March 2018. Subsidiaries are entities where the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

All transactions between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Where necessary, adjustments are made to the financial information of subsidiaries to bring accounting policies used in line with those used by the Group. Any profit or loss arising from intercompany transactions is eliminated on consolidation.

The Group attributes total comprehensive income or loss of subsidiaries between owners of the parent and the non-controlling interests based on their respective ownership interests.

Going Concern

The Directors have reviewed the budgets and cash flow projections prepared by management and approved by the Directors for the two year period ending 31 March 2020 and consider the forecasts to be prudent and that they reflect the underlying strength of the business and its strategy.

The Group shows net liabilities in its statement of financial position as at 31 March 2018. However, this is driven by the existence of approximately £120 million of loans and accrued interest payable to the Group's immediate parent company, Reliance Big Entertainment (Singapore) Pte. Ltd. ('Reliance'), as at that date. As set out in Note 34 (Post reporting date events), the Group undertook a group reorganisation and debt restructuring whereby all but US\$5 million of the principal of the loans payable to Reliance were converted to equity and the accrued interest on the loans was waived. Furthermore, the Group is raising additional working capital from the Placing of New Shares.

Accordingly, the Directors are satisfied that the Group will be able to pay their debts as and when they fall due and so have prepared the Historical Financial Information on a going concern basis.

Revenue recognition

The Group's revenue is driven by sales of interactive entertainment software, brought to market as 'boxed' products sold in retail outlets or digital products which are downloadable. Products are sold via distribution partners, the most significant being Koch Media who manage the majority of the Group's distribution of both boxed and digital product.

Revenue comprises:

- Boxed product to retailers and external distributors/wholesalers. Revenue is recognised upon performance of the obligation to the customer, which is upon delivery of the boxed product to the customer (who is considered to be the retailer). Revenue is recorded net of the provision made for subsequent returns and price protection claims. This provision is held and utilised against subsequent price reductions/returns agreed with customers at a later date or released accordingly. Settlement terms for boxed product is typically 30 days from the end of the month of the revenue being recognised, with amounts remitted by the customer to the Group's distribution partner. Such amounts are then remitted to the Group after settlement of the distribution partner's direct costs, commissions and advances made to the Group.
- Digital products downloaded directly by consumers. Such revenue is recognised at the point that the download is completed, which is when the Group has performed its obligation to the customer. As with boxed product, the customer is the digital retailer for digital product as the Group is responsible for fulfilling the contract and sets the price to the retailer. Revenue is recognised on a net basis by digital platforms and are identified to the Group from their onwards sales, typically Microsoft (Xbox), Sony (Playstation) or STEAM (PC). Whilst

settlement terms vary by provider they are between 30 days from the end of the month of the revenue being recognised and 45 days from the end of the quarter of the revenue being recognised.

To assist in the development of products, the Group receives advances from its main distribution partner. These are recognised as a liability within the statement of financial position. At this point no revenue is recognised as no sales of product have occurred. All funding is less than 12 months and is not classed as a financial instrument. The balance held is repaid as sales of the product are remitted directly from customers to the distribution partner.

Other Revenue:

Other revenue comprises various types of income. Revenue in respect of each agreement is recognised dependent upon the specific performance obligations of that agreement.

Other revenue driven from the ad hoc sales of titles or licenses to distribute titles are recognised when the performance obligations of such agreements are met by the Group. Where possible the Group pursue minimum payments in advance of completion of such agreements. Where balances are received in advance they are recognised as a liability until the performance obligations are met by the Group.

Revenue from sales of licenses are either recognised when the performance obligations of the contract are met at a point in time or over the life of the licence dependent upon the specific nature of the licence agreement.

The Group's contracts have an expected performance duration of less than one year, as such the Group qualifies for the practical expedient of IFRS 15, paragraph 121 for reduced disclosure of revenue contracts.

Distribution costs

Costs incurred directly in respect of bringing products to market. These will include marketing costs and commissions to distributors.

Capitalised development costs

Costs directly relating to the development of new products are capitalised and disclosed as an intangible asset once the Group has determined that:

- the product is technically and commercially feasible. For products developed via proven game engine technology, this may occur early in the development cycle.
- the project is clearly defined and associated costs are separately identifiable.
- future revenues are expected to exceed current and future costs of the product.
- the Group has the intention, ability and resources to complete development of the product.

Development costs will include advances payable to external developers under development agreements and the direct payroll and overhead costs of the internal development teams. Capitalised development costs are those that are directly attributable to a game, such as internal labour or external costs incurred on that title. Studio overheads such as those relating to Information Technology are allocated on the proportion of development staff working on a product as a total of all staff in that studio.

Development costs not capitalised relate to costs attributable to a product that has been released (such as additional features or maintenance work as these costs are not material and would be amortised over a period of less than 12 months). In addition, where costs are incurred on amended versions of a previously released title and those costs are not material, such as a conversion onto a different console, these costs are not capitalised.

Capitalised development expenditure for each unreleased product is reviewed at the end of each accounting period and where the circumstances which have justified the initial capitalisation of the expenditure, as set out above, no longer apply, or are considered doubtful, the previously capitalised development expenditure to the extent to which it is considered to be irrecoverable, is immediately impaired on a project by project basis.

In addition, where the forecast revenue for a product does not exceed the current and future costs of the product, a provision for impairment is recognised immediately.

On product release, capitalised development costs are amortised over a year in the following proportions:

- 65% in month 1 of release
- 35% equally over the next 11 months.

This accounting estimate of amortising capitalised development costs over a 12 month period has been implemented in the current financial year. In previous financial years capitalised development costs were amortised over a three month period. The updated estimate has been implemented for any product releases from 1 April 2017 onwards.

Capitalised development costs are removed from the schedule of intangible fixed assets 3 years after the product release or on removal from catalogue if earlier.

Licences, patents and trademarks

The cost of other licences, patents and trademarks, which have been treated as intangible fixed assets, are released to the income statement on a straight-line basis, within research expenses and amortisation of development costs over a period in accordance with the terms of the contract or if not defined, a three-year period.

Where a licensing agreement involving a minimum payment by the Group is signed relating to game development and the associated product is yet to be released, the associated liability is recorded within other payables within the statement of financial position. Upon recognition, the corresponding asset value is recognised at the discounted value of the guarantee and is held as an intangible asset within the statement of financial position.

On product release, capitalised licenses are amortised over a year in the following proportions:

- 65% in month 1 of release
- 35% equally over the next 11 months

Licenses paid on games which are under development are written off where impairment of the game development cost is also required (see capitalised development cost policy above). Management also regularly review the carrying value of capitalised licenses for impairment and will charge any irrecoverable advances to the income statement.

Computer Software

Computer software is classified within intangible fixed assets. Computer Software assets are initially recorded at cost. Cost comprises the purchase price and costs directly incurred in bringing the asset into use.

Amortisation is provided on a straight-line basis over its expected useful life of three years. These are amortised within research expenses and amortisation of development costs in the income statement.

Tangible fixed assets

All tangible fixed assets are initially recorded at cost. Cost comprises the purchase price and costs directly incurred in bringing the asset into use.

As referred to above in basis of preparation, the Group has adopted a 'deemed cost' value for Land and Buildings. This reflects the value of the tangible assets under FRS102 at the date of transition (1 April 2015).

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value of each asset, on a straight-line basis over its expected useful life, as follows:

Freehold buildings	—	50 years
Short term leasehold improvements to premises	—	period of lease
Fixtures and fittings	—	6 years
Motor vehicles	—	4 years
Computer equipment	—	3 years

Assets under construction are not depreciated until the asset is completed and ready for use.

Subsequent expenditure to freehold property, which provides an enhancement of the economic benefits of the asset, is depreciated over its individual useful economic life.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. When an impairment test is

conducted, the recoverable amount is assessed by reference to the higher of the value in use (net present value of expected future cash flows of the relevant cash generating unit), or the net realisable value.

Inventories

Inventories comprise finished goods for resale and components thereof, and are stated at the lower of cost and net realisable value being estimated selling price less costs to sell. Cost is determined on a first-in, first out (FIFO) method and includes the purchase price of materials of game discs, boxes, manuals, printing and royalties to the console manufacturers.

Royalty advances and minimum guarantees

Non-refundable royalty advances and minimum guarantees are recognised in accordance with the substance of the agreement, based on the Group's expected performance against the contractual obligations of the agreement. Royalty costs are recognised in the period to which they relate. Where the contractual obligations of the agreement are not expected to be met, a liability is recognised of the expected onerous portion of the agreement. Royalty advances are written down to the estimated amount that will be recoverable from future royalty payments to the licensor.

Financial assets and liabilities

Financial assets and liabilities are recognised on the date on which the Group becomes a party to the contractual provisions of the instrument giving rise to the asset or liability. Any impairment of a financial asset is charged to the income statement when incurred. Financial assets are derecognised when the Group's rights to cash inflows from the asset expire. Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

The Group's principal financial assets and liabilities are measured as follows:

- 'trade and other receivables' – these are short term financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides goods directly to a receivable, or advances money, with no intention of trading the loan or receivable. Subsequent to initial recognition, loans and receivables are included in the statement of financial position at amortised cost using the effective interest method less any amounts written off to reflect an expected credit loss, with changes in carrying amount recognised in the income statement within administrative expenses. A provision for credit impaired trade and other receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The Group assess each receivable on a customer by customer basis for the expected lifetime credit loss. Where an expected credit loss is identified an impairment is made against the receivable. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation, default or delinquency in payments, and the unavailability of credit insurance at commercial rates are considered indicators that the receivable may be impaired. When these factors are confirmed for a trade receivable it is considered uncollectible and a default event is triggered. At this point it is written off against the credit loss provision account. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.
- 'cash and cash equivalents' – these comprise deposits with an original maturity of three months or less with banks and financial institutions, bank balances, bank overdrafts and cash in hand.
- 'trade and other payables' – these arise when the Group receives goods or services directly from a creditor or supplier with no intention of trading the liability, and are typically non-interest bearing and following initial recognition are included in the statement of financial position at amortised cost. If the arrangements of an instrument constitute a financing transaction, such as payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not market rate, the financial liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

- 'bank loans and overdrafts' – these are initially recorded at fair value based on proceeds received net of issue costs. Finance charges on bank loans are charged to the income statement so as to recognise the finance costs (being the difference between net proceeds received and total amounts payable to discharge the loan) on a constant rate on the carrying amount of the loan and recognised in interest payable and similar charges.
- 'other loans' – these are recorded initially at the fair value based on proceeds received net of direct issue costs, and are subsequently stated at amortised cost. Direct issue costs are apportioned to each tranche of debt raised and charged to the income statement over the term of the debt or instrument, so that the amount charged is at the effective interest rate on the carrying amount. Finance charges, including premiums payable on settlement, or redemption and direct issue costs, are recognised in a similar manner to bank loans stated above where the finance charges are calculable.
- "PIK Loans" – these are recorded initially at the fair value based on proceeds received net of direct issue costs, and are subsequently stated at amortised cost. Finance charges are recognised in accordance with the terms of the loan instrument, and are accounted for in a similar manner to bank loans stated above, however interest is rolled up into the loan principal at regular intervals

Current taxation

Tax on the profit or loss for the period comprises current tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, where it would be recognised in either other comprehensive income or in equity, respectively.

Current tax is the expected payable amount arising from the taxable income in the period, using tax rates enacted or substantively enacted at the end of the applicable financial period. This amount is adjusted in respect of any adjustment to current taxes from any previous financial period.

Deferred taxation

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income.

An estimate of the expected cash saving from utilised tax losses over the next two financial years is recognised at the reporting date as a deferred tax asset. Movement on the deferred tax is recognised within the tax charge line of the income statement, with the corresponding asset included on the statement of financial position.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the average tax rates and laws enacted or substantively enacted at the period end date.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions, the Group does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

Creative Sector Relief

Creative Sector Relief, which is Video Games Tax Relief ('VGTR') tax credits are only recognised where the Directors believe that a tax credit will be recoverable. This is based upon the Group's experience of obtaining the required certification to facilitate its titles in development to qualify for VGTR and success of previous submitted claims. An estimate is made throughout the year, and a receivable recognised, based on qualifying expenditure during the year.

Operating leases

Operating leases are those where substantially all of the risks and rewards incidental to ownership are retained by the lessor. Rentals payable under operating leases are expensed to the income statement on a straight-line basis over the period of the lease agreements. Lease incentives received are deferred on the statement of financial position and amortised to the income statement over the period of the lease. Income received from sub-leased property is credited to administrative expenses to offset lease expense.

Finance leases

Finance leases are those where substantially all of the risks and rewards incidental to ownership of the asset have passed to the Group. Assets acquired through such leases are treated as if purchased outright, capitalised in the statement of financial position and depreciated over the shorter of the lease term and their useful life. The capital elements of future obligations under leases are included as liabilities in the statement of financial position. The interest elements of the lease obligations are charged in the income statement over the periods of the leases.

Pensions

Pension contributions are made to personal pension plans for certain employees on a defined contribution basis. Contributions are charged to the income statement as they become payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Employee share schemes

The Group issues equity-settled share options and equity awards to certain employees, which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in reserves, where material to the Historical Financial Information.

The fair values of the options and equity awards are measured at the dates of grant, taking into account the terms and conditions upon which the awards are granted using an industry accepted simulation model. The fair value is recognised over the period during which employees become conditionally entitled to the awards, subject to the Group's estimate of the number of awards which will lapse, either due to employees leaving the Group prior to vesting or due to non-market based performance conditions not being met. The total amount recognised in the income statement as an expense is adjusted to reflect the actual number of awards that vest.

The Group also issued cash-settled share based payments to the Executive Management Team. Where such schemes have been entered into, approved by the Group's shareholders and where there is probability that a liability could be triggered, the fair value of the expected payment is included within the relevant financial period. The Group uses experts to estimate the fair value of any such agreements at the reporting date. The valuation is calculated using the Black Scholes Model. The fair value is recognised as a separate expense on the face of the income statement and within current liabilities in the statement of financial position. Further details regarding the Group's exposure to cash-settled share based payments are discussed in note 8.

Provision for claims and price protections

Where revenue is recognised and the terms and conditions of the sale allow variable consideration where the customer is able to make a claim for credits or price protection allowances, an estimate of the likely obligation is made and deducted from revenue at the date revenue is recognised. The Group estimates the amount of the provision for claims and price protections using the "most likely amount" approach. The Group's estimate of the transaction price includes the variable amounts where it is highly probable that a significant reversal of revenue will not occur once any uncertainty surrounding the claims and provision protection is resolved. The resulting provision is based on the assessment of a number of factors including (but not limited to) historical performance of similar titles, consumer sell-through and chart-tracking data, the level of customer reorders and the level of inventory in channel.

At each accounting date an estimate is also undertaken of the likely exposure the Group has to returns of boxed products that have not been sold through to the end consumer. An exercise is undertaken along with the estimate of the potential exposure to price protection provisions and where the risk of material returns of products sold in the current or preceding financial year is identified, a provision for returns is recorded.

Provisions for leasehold property dilapidations

Management estimate the expected liability for property repair or dilapidations that are expected to arise in accordance with the relevant lease agreement the Group is party to. Where the expected cost of dilapidations are individually not material to the accounts they are classified within accruals and other payables within the statement of financial position. A separate provision is recorded where they are individually material.

Contingencies

The Group makes and is subject to claims and actions. The facts and circumstances relating to particular cases are evaluated regularly in determining whether the likelihood is 'probable' that there will be a future inflow or outflow of funds and, once established, whether an asset or provision relating to a specific litigation should be recognised or adjusted. Accordingly, significant management judgement relating to contingent liabilities is required, since the outcome of litigation is difficult to predict.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling when the transactions occur. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the period end date. All exchange differences are taken to the income statement, exchange differences arising on foreign currency borrowings are classified within interest payable and other similar charges; all other exchange differences are classified within administrative expenses.

Where monetary assets denominated in a foreign currency forms part of the net investment in another Group company in the form of long term loans and deferred trading balances and there is no intention to settle the loan in the foreseeable future, any exchange differences are recognised in other comprehensive income.

On consolidation, the results of the overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the period end date. Exchange differences arising from the use of the closing rate to retranslate opening net assets denominated in foreign currencies are recognised in other comprehensive income. The cumulative gain or loss arising from the re-translation of overseas operations assets since transition to IFRS (1 April 2015) are recognised within the Currency translation reserve in equity. Any such gains or losses prior to that date in accordance with IFRS 1 are recognised within the Profit and loss reserve within the statement of financial position.

On disposal of a foreign entity, the related cumulative translation differences recognised in equity are reclassified within equity into the profit and loss reserve.

Preferred Shares

Preferred shares issued, which are issued to equity holders are included within Called up Share Capital. The Company determined that for the non-redeemable Preferred shares the Company has the unconditional right to avoid settling in cash or by delivery of another financial asset and settlement is dependent on the occurrence or non-occurrence of uncertain future events beyond the control of the Company and the holder. Therefore, the Company determined that the fair value of the Preferred shares was appropriately classified as equity at the time of issuance.

Capital and reserves

The following reserves are shown within the statement of changes in equity:

- Called up Share Capital – called up and issued share capital of the parent company. This includes Class 1 Ordinary, Class 2B and Class 2C ordinary Shares and Preferred Shares. See note 25 for further details regarding the Company's issued share capital.
- Share Premium Account – the amount of proceeds received in consideration for Called up Share Capital that is in excess of the nominal value of the shares purchased.
- Merger Reserve – an equity account derived following a historic capital restructuring in 2007.
- Profit and loss account – historic cumulative balance of group comprehensive income/expense.
- Currency translation reserve – historic cumulative gain or loss of translation of net assets of foreign subsidiaries since transition to IFRS on 1 April 2015.
- Non-controlling interest — historic cumulative balance of comprehensive income/expense that is due to minority shareholdings in the Codemasters Software Company Limited, Codemasters Development Company Limited and Codemasters Studios Sdn Bhd.

3 Critical accounting estimates and judgements

When preparing the Historical Financial Information, Management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Material judgements:

Impairment of capitalised development costs

The Directors have considered the carrying value of the level of capitalised development costs held as an intangible asset and are confident that the forecast cash generation for each cash generating unit ('CGU') is in excess of the intangible asset held.

The forecast cash generation for each CGU represents significant assumptions and should the assumptions prove to be significantly incorrect there would be a risk of material adjustment within the following financial year.

Deferred Tax Asset

Deferred tax assets have been recognised which are contingent and dependent upon future trading performance. The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. The Group has substantial tax losses available to be utilised against its future trading profits. From 1 April 2017 onwards UK tax laws have been amended to prevent unlimited utilisation of tax losses going forward. The Group has an expectation that a tax charge will occur and therefore recognised an asset for deferred tax. To recognise the cash benefit to the Group of these losses Management assessed the expected taxable profit for the subsequent two financial years and recognised the level of deferred tax asset in relation to the cash benefit of utilising those losses. Given the inherent uncertainty of any market, it is considered appropriate to recognise only two years of deferred tax asset. The Directors use trading forecasts and the current UK tax law to determine the value of the deferred tax asset recorded.

Principal vs Agent assessment

Management have reviewed the contractual agreements with its distributors and customers to assess whether the agreement is under a principal or agent arrangement. This is a material judgement as the disclosure of revenue is significantly different between a principal and agent scenario. The Group is responsible for fulfilling the contract, holds the risk of inventory and has discretion in setting prices for distributors to deal with customers. As such Management have assessed under IFRS 15 'Revenue from Contracts with Customers' that the contractual arrangements with its distributors are agents within the arrangements. For digital revenue where the digital retailers are determined to be the customer, revenue is recognised on a net basis as the price is remitted by the digital platform provider.

Significant estimates:

Price Protection Provision

The estimate for the level of price protection provision as an estimate of the future level of returns and retrospective discounts provided against the current revenue recognised requires considered judgement and estimates based upon historical performance of similar titles, market conditions and forecast for future performance. A percentage provision is applied to all sales dependent upon the expectation at the time, this is applied where the terms and conditions of sale allow for the customer to make a claim for credits or price protection allowances.

Where the actual level of discounts and returns is significantly higher or lower than the estimated amount there could be a material movement in the level of revenue recognised in any affected period.

Included within the price protection provision is a provision for returns of boxed products. Historically the level of exposure to boxed returns has been low around period ends. However, an assessment is undertaken at the end of each financial period based upon the level of stock in channel held.

A provision is made where the estimate of potential exposure from product returns is considered material. Where the provision is not considered material, this is included within the wider price protection provision.

Amortisation of capitalised development costs

The Directors have considered that the appropriate period to amortise boxed products (those titles available through physical retail channels) over a 12-month period.

Amortisation is also weighted with a greater proportion of amortisation in the immediate period following release. The estimate of amortisation is matched against the sales profile of recent titles. This policy is reviewed periodically and amended to reflect updating trends in product lifecycle and to ensure that the carrying value of any intangible asset is not impaired.

The estimated period of amortisation of capitalised intangible assets has been updated in the financial year ending 31 March 2018. The previous estimate (used across all other periods covered by Historical Financial Information) amortised capitalised development costs over a three month period following release. The change in estimate has been considered appropriate given the increased sales lifecycle of each product. The change in estimate has resulted in an additional intangible asset (and a corresponding reduction in amortisation costs) of £1.6 million recognised at 31 March 2018 than compared with the previous estimate.

Creative Sector Relief

The process of recording the creative sector relief (in the form of VGTR tax credits) involves creating an estimate of the tax credit to be accrued at the period end. The Group undertake detailed estimates using up to date requirements for measuring the VGTR credit and seek detailed advice from external professional experts in order to support the level of accrued claim. However, the accrued claim is subject to review and approval by HMRC prior to being settled.

Share based payments

The estimation of the Group's potential exposure to liabilities from cash-settled share based payments are subject to a number of variables and assumptions many of which can have a material impact on the level of expense/liability recognised. In order to ensure that the correct valuation methodology is undertaken in line with IFRS 2 'Share Based Payments', the Directors engage a firm of Valuation Experts to provide the calculation. The calculations are created following detailed discussions with Directors regarding the factors that will influence the inputs into the valuation, such as the review of the agreements in place and the probability of an exit event or a synthetic exit event. The expert also uses a standard valuation model to deliver a reasonable estimate in line with IFRS requirements.

4 Segmental Analysis

Management generally identified only one operating segment in the business, being the sale of internally developed video games. The single operating segment is reported in a manner consistent with the internal reporting to the Board for monitoring and strategic decisions.

5 Group revenue

Revenue is attributable to the principal continuing activity of the Group, being the sale of internally developed video games. An analysis of revenue by geographical market of destination is shown below:

	<i>Year ended 31 March 2016 £000</i>	<i>Year ended 31 March 2017 £000</i>	<i>Year ended 31 March 2018 £000</i>
United Kingdom	6,676	8,550	12,146
Rest of Europe	10,719	30,137	36,021
United States	10,698	5,535	9,850
Australia	1,203	1,059	2,091
Rest of the World	1,706	4,775	3,458
	<u>31,002</u>	<u>50,056</u>	<u>63,566</u>

An analysis of Revenue by income stream is shown below:

	<i>Year ended 31 March 2016 £000</i>	<i>Year ended 31 March 2017 £000</i>	<i>Year ended 31 March 2018 £000</i>
Boxed	16,913	28,842	37,324
Digital	12,087	19,944	25,847
Other	2,002	1,270	395
	<u>31,002</u>	<u>50,056</u>	<u>63,566</u>

Included in the above figures are 26.5% of sales concentrated across two customers in the year ended 31 March 2018 where revenue per individual customer was greater than 10% of total sales. In 2016 17.8% of sales were made to one customer and in 2017 26.7% of sales were made to two customers with revenue of more than 10% of revenue each.

6 Operating profit

The following items are included within Operating profit in the consolidated income statement:

	<i>Year ended 31 March 2016 £000</i>	<i>Year ended 31 March 2017 £000</i>	<i>Year ended 31 March 2018 £000</i>
Operating lease rentals	649	567	577
Inventories recognised as an expense	6,942	7,065	8,724
Depreciation of owned fixed assets	120	181	139
Amortisation of intangible fixed assets	18,373	15,997	23,048
Research and development expenses not capitalised	2,144	4,679	5,874
Net foreign exchange (gain)/loss	(748)	(269)	936

7 Directors' emoluments

	<i>Year ended 31 March 2016 £000</i>	<i>Year ended 31 March 2017 £000</i>	<i>Year ended 31 March 2018 £000</i>
Aggregate emoluments	519	1,002	811
Pension contributions	34	40	46
	<u>553</u>	<u>1,042</u>	<u>857</u>

During the year the Group contributed to two directors' personal pension plans (2016 & 2017: two).

The emoluments, excluding pension costs, of the highest paid director were £539,000 (2016: £348,000, 2017: £695,000). The pension contributions paid by the Group for the highest paid director amounted to £30,000 (2016: £24,000, 2017: £29,000).

No directors (2016 & 2017: nil) exercised share options in the year. In 2017, two directors were granted cash-settled share based payments. No options were granted in 2016 or 2018.

In addition to the above costs a total of £4,598,160 (2016: nil, 2017: £1,399,440) has been recognised in the income statement in respect of cash-settled share based payments relating to two directors. Further details regarding share based payments are shown in note 8.

8 Share based payments

Cash settled share based payments

In March 2017, the Executive Management Team were awarded cash settled share based incentive schemes linked to various financial measures of the Group's performance. The scheme vests in the event of (a) an exit event, (b) a minority share sale or, (c), in absence of (a) or (b), by 30 March 2021 management have the option to trigger the synthetic exit which results in a cash payment based on the growth in value of the company since the time the instrument was granted.

Members of the scheme can opt to exercise the incentive under a minority share sale or a synthetic exit by giving written notice at any time during the exercise period of 1 April 2018 to 30 March 2021.

The expected value of the incentive has been calculated using a probability weighted average as at the reporting date of either an exit event or a synthetic exit event occurring. A minority share sale is considered improbable so has not been factored into the calculations.

The scheme awards participants 12.5% of the Enterprise Value of the Group (used as Share price), over a hurdle of £31m (used as Exercise price).

The value of the scheme under a synthetic exit is based on the audited EBITDA and turnover for the Group in the preceding year.

The Group have considered the volatility of comparable quoted companies as a guide for the volatility assumptions in the valuation of the incentive schemes.

The scheme has been valued using the Black Scholes model. The following table lists the inputs to that model:

	<i>Exit Event</i>		<i>Synthetic Exit Event</i>	
	<i>31 March 2017</i>	<i>31 March 2018</i>	<i>31 March 2017</i>	<i>31 March 2018</i>
Probability of event	10%	49%	90%	51%
Share price	£95m	£220m	£81.25m	£81.25m
Exercise price	£31m	£31m	£31m	£31m
Dividend yield (%)	nil	nil	nil	nil
Expected volatility (%)	40%	40%	40%	40%
Risk-free interest rate (%)	1%	1%	1%	1%
Expected life of share options (years)	3	0.25	4	3

The carrying amount of the liability relating to the incentive schemes (including associated National Insurance costs) was £8,820,000 (2016: nil, 2017: £2,058,000).

There was a separate scheme awarded to one senior executive in March 2016 under different terms. This scheme vests either on an exit event or (at the scheme holders option) after three years if an exit has not occurred. The incentive is based on the increase in the value of the Group over £35m in addition to the revenue contribution of the studio for which the executive is responsible. For a non exit event, the value of the incentive is based on the studio EBITDA in addition to the increase in value of the Group over £35m.

Subsequent to the year-end, a new incentive scheme was entered into to replace these cash-settled share based payments. Refer to Note 34 Post reporting date events for further details.

9 Staff costs

	<i>Year ended 31 March 2016 £000</i>	<i>Year ended 31 March 2017 £000</i>	<i>Year ended 31 March 2018 £000</i>
Wages and salaries	14,159	17,949	19,654
Share based payments	—	1,808	5,942
Social security costs	1,358	2,020	2,813
Pension costs	588	729	801
Death in Service and incapacity	36	36	111
	<u>16,141</u>	<u>22,542</u>	<u>29,321</u>

Staff costs include £15.2 million (2016: £10.7 million, 2017: £13.3 million) of costs in respect of employees whose value of time is capitalised within the development costs of games (Note 13).

Share based payments expenses are shown less £820,000 (2017 £250,000) of estimated social security costs, which are included within those expenses accordingly.

The average monthly number of employees during the year was as follows:

	<i>Year ended 31 March 2016 No.</i>	<i>Year ended 31 March 2017 No.</i>	<i>Year ended 31 March 2018 No.</i>
Management and administration	83	86	88
Development	323	376	377
	<u>406</u>	<u>462</u>	<u>465</u>

10 Interest receivable and similar income

	<i>Year ended 31 March 2016 £000</i>	<i>Year ended 31 March 2017 £000</i>	<i>Year ended 31 March 2018 £000</i>
Bank interest	17	13	24
Unrealised gain on foreign exchange forward contracts	—	35	—
	<u>17</u>	<u>48</u>	<u>24</u>

11 Interest payable and similar charges

	<i>Year ended 31 March 2016 £000</i>	<i>Year ended 31 March 2017 £000</i>	<i>Year ended 31 March 2018 £000</i>
Bank interest and similar charges	49	70	(5)
Interest payable and similar charges on PIK loans	3	—	—
Interest payable and similar charges on other loans	10,923	14,585	16,155
Interest on unwinding of minimum licensing agreements	841	3,066	1,028
Other financing related expenses	201	132	75
Foreign exchange (gains)/losses on borrowings	1,834	8,551	(7,689)
	<u>13,851</u>	<u>26,404</u>	<u>9,564</u>

12 Tax on loss on ordinary activities

a) Tax on loss on ordinary activities

	<i>Year ended 31 March 2016 £000</i>	<i>Year ended 31 March 2017 £000</i>	<i>Year ended 31 March 2018 £000</i>
Current tax			
UK corporation tax	—	—	(25)
Withholding taxes	(1)	—	—
Overseas tax	4	(10)	—
Total current tax charge	<u>3</u>	<u>(10)</u>	<u>(25)</u>
Deferred tax			
UK corporation tax	—	—	2,409
Total deferred tax	<u>—</u>	<u>—</u>	<u>2,409</u>
Tax (charge) /credit on loss on ordinary activities	<u>3</u>	<u>(10)</u>	<u>2,384</u>

b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 19% (2016 & 2017 20%).

The differences are reconciled below:

	<i>Year ended 31 March 2016 £000</i>	<i>Year ended 31 March 2017 £000</i>	<i>Year ended 31 March 2018 £000</i>
Loss on ordinary activities before taxation	<u>(10,611)</u>	<u>(12,011)</u>	<u>(1,482)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax of 19% (2016 & 2017 20%)	(2,122)	(2,402)	(282)
Effect of:			
Disallowed expenses	47	596	3,215
Deferred tax recognised	—	—	(2,409)
Unrecognised deferred tax	3,150	5,595	(1,533)
Non-Taxable Income	(1,073)	(1,150)	(1,305)
Creative sector tax relief	—	(2,637)	(70)
Withholding taxes written off	(1)	—	—
Differences in overseas tax rates	(4)	8	—
Total current tax charge/ (credit)	<u>(3)</u>	<u>10</u>	<u>(2,384)</u>

The Government has indicated that it intends to reduce the main rate of UK corporation tax in stages from the current 19% applicable on profits for financial year beginning 1 April 2017 to 17% on profits for financial years beginning 1 April 2020. The future annual corporation tax rate reduction is expected to affect the Group's financial statements. The actual impact will depend on the Group's tax position at that time.

The rate of UK corporation tax changed from 20% to 19% at 31 March 2017. As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, the amount of the potential recognised deferred tax asset at 31 March 2018 is computed at the rate of 19%, reflecting the fact that losses are expected to be utilised prior to 31 March 2020. The unrecognised deferred tax asset is computed at a rate of 17% reflecting the fact that the balances are proposed to be utilised post 1 April 2020.

c) Deferred tax

The Group has recognised deferred tax assets in relation to tax losses that are expected to be utilised in the subsequent two financial years. In previous years there has been no requirement to do so as all brought forward losses were available to be used against future profits. However, due to changes in UK tax legislation introduced from 1 April 2017, these losses are limited to the first £5 million of taxable profits and 50% of any additional profits. There is now a reasonable expectation that tax will need to be paid in future periods. As at 31 March 2018 the Group has recognised a deferred tax asset of £2.4 million in respect of expected tax losses that the Group expect to utilise in the subsequent two financial years.

The Group has not recognised deferred tax assets in relation to accelerated capital allowances, other timing differences and any additional tax losses that are not estimated to be utilised over the subsequent two financial years.

All of the deferred tax assets in prior years were unrecognised, as at 31 March 2018 any deferred tax asset not shown on the face of the statement of financial position is unrecognised.

The Group has £20.9 million of deferred tax assets unrecognised at the year-end (2015: £38.6 million, 2016: £32.4 million, 2017: £38.1 million).

13 Intangible fixed assets

	<i>Development Costs £000</i>	<i>Licences Patents & Trade Marks £000</i>	<i>Computer Software £000</i>	<i>Total £000</i>
Cost				
At 1 April 2015	113,422	6,260	4,642	124,324
Additions	15,487	5,884	29	21,400
Disposals	—	—	(4,582)	(4,582)
At 31 March 2016	128,909	12,144	89	141,142
Additions	21,100	—	217	21,317
Disposals	(91,399)	(800)	(1)	(92,200)
At 31 March 2017	58,610	11,344	305	70,259
Additions	23,435	7,651	338	31,424
Disposals	(16,600)	—	(9)	(16,609)
At 31 March 2018	65,445	18,995	634	85,074
Accumulated amortisation				
At 1 April 2015	99,191	800	4,599	104,590
Amortisation	15,637	2,694	42	18,373
Disposals	—	—	(4,582)	(4,582)
At 31 March 2016	114,828	3,494	59	118,381
Amortisation	13,180	2,767	50	15,997
Disposals	(91,399)	(800)	(1)	(92,200)
At 31 March 2017	36,609	5,461	108	42,178
Amortisation	20,016	2,756	276	23,048
Disposals	(16,600)	—	(9)	(16,609)
At 31 March 2018	40,025	8,217	375	48,617
Net book amount				
At 31 March 2018	25,420	10,778	259	36,457
At 31 March 2017	22,001	5,883	197	28,081
At 31 March 2016	14,081	8,650	30	22,761
At 31 March 2015	14,231	5,460	43	19,734

As at 31 March 2018, included within development costs are £23.7 million of costs incurred on products yet to be released. (2015, £11.3 million, 2016, £11.4 million, 2017, £21.6 million).

14 Tangible fixed assets

	<i>Freehold land & buildings £000</i>	<i>Leasehold improvements £000</i>	<i>Motor vehicles £000</i>	<i>Fixtures, fittings & computer equipment £000</i>	<i>Total £000</i>
Cost or valuation					
At 1 April 2015	9,144	371	35	19,074	28,624
Exchange translation adjustment	—	1	2	14	17
Additions	—	—	—	581	581
Disposals	—	(9)	(18)	(6,388)	(6,415)
At 31 March 2016	9,144	363	19	13,281	22,807
Exchange translation adjustment	—	—	(1)	—	(1)
Additions	—	—	—	1,314	1,314
Disposals	—	—	(6)	(95)	(101)
At 31 March 2017	9,144	363	12	14,500	24,019
Exchange translation adjustment	—	—	—	21	21
Additions	—	—	—	2,004	2,004
Disposals	(1,457)	—	(12)	(7,003)	(8,472)
At 31 March 2018	7,687	363	—	9,522	17,572
Accumulated depreciation					
At 1 April 2015	3,018	99	31	18,483	21,631
Exchange translation adjustment	—	1	2	8	11
Charge for year	145	7	2	336	490
Disposals	—	(9)	(18)	(6,328)	(6,355)
At 31 March 2016	3,163	98	17	12,499	15,777
Exchange translation adjustment	—	—	—	3	3
Charge for year	145	7	1	590	743
Disposals	—	—	(6)	(94)	(100)
At 31 March 2017	3,308	105	12	12,998	16,423
Exchange translation adjustment	—	—	—	17	17
Charge for year	148	7	—	929	1,084
Disposals	(1,457)	—	(12)	(7,003)	(8,472)
At 31 March 2018	1,999	112	—	6,941	9,052
Net book amount					
At 31 March 2018	5,688	251	—	2,581	8,520
At 31 March 2017	5,836	258	—	1,502	7,596
At 31 March 2016	5,981	265	2	782	7,030
At 31 March 2015	6,126	272	4	591	6,993

Included in freehold land and buildings is land with a carrying amount of £150,000 (2017 & 2016: £150,000) that is not depreciated.

Freehold property is used as security as part of the Group's borrowing facilities set out in Note 21.

Included within Fixtures, fittings & computers equipment are assets with a net book value of £406,000 (2015, 2016 & 2017 Nil), which have been funded via finance leases.

£945,000 of the depreciation charge for the year has been capitalised within the capitalised development cost intangible asset (2016: 370,000, 2017: 562,000).

15 Investments

Details of the Group's investments in which the Company held 20 percent or more of the nominal value of shares as at 31 March 2016, 2017 and 2018 were as follows:

<i>Name of Company</i>	<i>Class of Share Held</i>	<i>Held by the Company</i>	<i>Held By the Group</i>	<i>Nature of Business</i>
Codemasters Holdings Limited	Ordinary	100%	100%	Intermediate holding company
Codemasters Group Limited	Ordinary	—	100%	Intermediate holding company
Digital Computers Limited	Ordinary	—	100%	Intermediate holding company
The Codemasters Software Company Limited	Ordinary	—	83.35%	Development, marketing and distribution of video games
Codemasters Development Company Limited	Ordinary	—	83.35%	Development of video games
Codemasters (Malta) Limited	Ordinary	—	100%	Development of video games
Codemasters Studios Sdn Bhd	Ordinary	—	53.33%	Development of video games
Sensible Limited	Ordinary	—	83.35%	Dormant
Codemasters Limited	Ordinary	—	100%	Dormant
CSC1 Limited	Ordinary	—	83.35%	Dormant
CSC3 Limited	Ordinary	—	83.35%	Dormant

Codemasters Holdings Limited is directly owned by the parent company. All other interests were held indirectly as at 31 March 2016, 2017 and 2018. All of the above entities are consolidated into the Historical Financial Information.

Codemasters (Malta) Limited is incorporated in Malta, its principal business address is 7A Sir Luigi Camilleri Street, Sliema, SLM 1843, Malta.

Codemasters Studios Sdn Bhd is incorporated in Malaysia, its principal business address is No.91-3 Jalan Metro Perdana Barat 1, Taman Usahawan Kepong, Off Jalan Kepong, Kepong, 52100 Kuala Lumpur, Malaysia.

All of the other entities above are incorporated in England and Wales and have a principal business address of Codemasters Campus, Stoneythorpe, Southam, Warwickshire, CV47 2DL.

Subsidiaries with non-controlling interests

As at 31 March 2015, 2016, 2017 and 2018 the Group included three subsidiaries (excluding dormant entities) with non-controlling interests as summarised below:

Subsidiary	<i>Proportion of non-controlling ownership interests and voting rights held by NCI</i>			
	<i>31 March 2015</i>	<i>31 March 2016</i>	<i>31 March 2017</i>	<i>31 March 2018</i>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Codemasters Software Company Limited	16.65	16.65	16.65	16.65
Codemasters Development Company Limited	16.65	16.65	16.65	16.65
Codemasters Studios Sdn Bhd	46.67	46.67	46.67	46.67

Summarised financial information for the entities is set out below:

	<i>31 March 2015</i>	<i>31 March 2016</i>	<i>31 March 2017</i>	<i>31 March 2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Codemasters Software Company Limited				
Total comprehensive income @ 16.65%	(2,265)	(1,789)	524	2,453
Total assets	44,051	40,737	43,042	60,339
Total liabilities	(114,638)	(122,069)	(121,229)	(123,795)
Equity attributable to owners of the parent	(58,834)	(67,790)	(65,169)	(52,891)
Non-controlling interests	(11,753)	(13,542)	(13,018)	(10,565)

	<i>31 March 2015</i>	<i>31 March 2016</i>	<i>31 March 2017</i>	<i>31 March 2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Codemasters Development Company Limited				
Total comprehensive income @ 16.65%	—	10	377	981
Total assets	—	287	3,893	14,609
Total liabilities	—	(226)	(1,565)	(6,391)
Equity attributable to owners of the parent	—	51	1,940	6,850
Non-controlling interests	—	10	388	1,368

	<i>31 March 2015</i>	<i>31 March 2016</i>	<i>31 March 2017</i>	<i>31 March 2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Codemasters Studios Sdn Bhd				
Total comprehensive income @ 46.67%	(668)	(247)	(307)	(71)
Total assets	5,358	2,794	2,075	1,888
Total liabilities	(4,860)	(2,930)	(2,869)	(2,854)
Equity attributable to owners of the parent	810	423	72	(29)
Non-controlling interests	(312)	(559)	(866)	(937)

16 Inventories

	31 March 2015 £000	31 March 2016 £000	31 March 2017 £000	31 March 2018 £000
Finished goods	200	2,477	151	182

17 Trade and other receivables

	31 March 2015 £000	31 March 2016 £000	31 March 2017 £000	31 March 2018 £000
Trade Receivables due within one year:				
Neither past due nor impaired	(91)	420	236	77
Past due: 0-30 days	732	99	152	1,118
Past due: 31-60 days	43	28	44	1
Past due: 61-90 days	—	7	28	370
Past due: More than 91 days	650	81	170	—
Trade receivables past due and impaired	17	87	23	95
Less provision for expected credit loss	(17)	(87)	(23)	(95)
Trade receivables net	1,334	635	630	1,566
Amounts due from related undertaking	—	—	1	1
Other receivables	151	292	347	256
Other taxation	531	421	90	189
Royalty advances	633	370	546	—
Prepayments	1,146	658	764	436
Accrued income	364	862	316	854
	4,159	3,238	2,694	3,302

Trade receivables and accrued income are all current and any fair value difference is not material. Trade and other receivables are considered past due once they have passed their contracted due date. Trade receivables are reviewed for impairment on a customer by customer basis.

Of the net trade receivables balance 91% was concentrated across one customer, (which has been fully paid in early April 2018) (2017: 65% across 6 customers (each with 5% or more), 2016: 94% across 5 customers (each with 5% or more) (2015: 50% across 4 customers (each with 5% or more)).

Accrued income relates to uninvoiced digital sales made to digital sellers (typically Sony, Microsoft and STEAM), which are invoiced shortly after the period end following third party confirmation of the revenue to be recognised. There have been no historic credit losses associated with these balances, no provision for expected credit losses are required.

Credit Loss Allowance

Management has reviewed each of the trade and other receivables on a customer by customer basis and using a credit risk matrix has assessed the level of potential credit loss that the Group is exposed to. The loss allowance and the movement from prior reporting periods are shown below:

	2015 £000	2016 £000	2017 £000	2018 £000
At 1 April	—	17	87	23
Increase in exposure	17	87	23	95
Receivables written off as not-collectable	—	(17)	(87)	(23)
At 31 March	17	87	23	95

18 Cash and Cash Equivalents

	<i>31 March 2015 £000</i>	<i>31 March 2016 £000</i>	<i>31 March 2017 £000</i>	<i>31 March 2018 £000</i>
Cash and cash equivalents				
Cash at bank and in hand	509	813	1,162	9,136
	<u>509</u>	<u>813</u>	<u>1,162</u>	<u>9,136</u>

The following amounts were held in foreign currencies:

	<i>31 March 2015 £000</i>	<i>31 March 2016 £000</i>	<i>31 March 2017 £000</i>	<i>31 March 2018 £000</i>
Euros	48	56	33	286
United States Dollar	1	375	69	2,475
Malaysian Ringitts	23	1	62	15
	<u>72</u>	<u>432</u>	<u>164</u>	<u>2,776</u>

19 Trade and other payables: amounts falling due within one year

	<i>31 March 2015 £000</i>	<i>31 March 2016 £000</i>	<i>31 March 2017 £000</i>	<i>31 March 2018 £000</i>
Trade payables	6,976	2,933	860	2,628
Amounts owed to related undertaking	1,748	1,667	1,315	—
Other taxation and social security	1,389	369	861	555
Other payables	13,100	13,089	7,136	10,646
Accruals and deferred income	400	1,806	5,834	7,226
Corporation tax creditor	—	—	—	26
	<u>23,613</u>	<u>19,864</u>	<u>16,006</u>	<u>21,081</u>

Trade payables are all current and any fair value difference is not material.

Included within other payables are advances from the Group's distribution partner Koch Media (2015: Bandai Namco) of £3.5 million (31 March 2015, £7.8 million, 31 March 2016, £5.5 million, 31 March 2017, £5.1 million). The advances are received from Koch Media to provide working capital for games in development, they are received in agreed amounts dependent upon milestone deliverables of titles in development by the Group. The balances are repayable out of revenues from the titles following release. In the event that revenues from a particular title are insufficient to settle the advance within 12 months of the release, the Group is liable to settle any shortfall. The net payable to distributors takes into account advances and all other receivables/payables, which will include revenue collected by distributors not yet received by the Group. Reliance have also provided Koch Media with a Corporate Guarantee of up to \$5 million in relation to this agreement.

Within the other payables balance at 31 March 2018 there is also a deferred income balance in respect of £3.6m in respect of a separate contract with a third party. The performance obligations of this contract were not met at that time and no revenue has been recognised in respect of this contract.

Loans and borrowings falling due in less than one year:

	<i>31 March 2015 £000</i>	<i>31 March 2016 £000</i>	<i>31 March 2017 £000</i>	<i>31 March 2018 £000</i>
PIK loans	51	4	—	—
Other loans	69,279	95,203	121,226	121,669
Finance leases	—	—	—	150
Total (note 21)	<u>69,330</u>	<u>95,207</u>	<u>121,226</u>	<u>121,819</u>

20 Non-current liabilities

	<i>31 March 2015 £000</i>	<i>31 March 2016 £000</i>	<i>31 March 2017 £000</i>	<i>31 March 2018 £000</i>
Other loans	14,984	7,082	1,247	—
Finance leases	—	—	—	202
Total (note 21)	<u>14,984</u>	<u>7,082</u>	<u>1,247</u>	<u>202</u>

	<i>31 March 2015 £000</i>	<i>31 March 2016 £000</i>	<i>31 March 2017 £000</i>	<i>31 March 2018 £000</i>
Trade and other payables	3,046	5,832	3,608	7,912
	<u>3,046</u>	<u>5,832</u>	<u>3,608</u>	<u>7,912</u>

21 Loans and borrowings

The loans and borrowings payable by the Group are summarised as follows:

	<i>31 March 2015 £000</i>	<i>31 March 2016 £000</i>	<i>31 March 2017 £000</i>	<i>31 March 2018 £000</i>
Amounts due to related party	63,430	84,736	109,805	119,397
Export Import Bank of India	14,979	9,780	6,234	1,115
Malaysia Debt Ventures	4,837	3,162	1,559	—
Malta Enterprise Loan	962	1,607	1,550	1,157
Loans secured against Creative Sector Relief Claim	—	3,000	3,325	—
PIK loans	51	4	—	—
Finance leases	—	—	—	352
Others	55	—	—	—
	<u>84,314</u>	<u>102,289</u>	<u>122,473</u>	<u>122,021</u>

The maturity profile of loans as at 31 March was as follows:

	<i>31 March 2015 £000</i>	<i>31 March 2016 £000</i>	<i>31 March 2017 £000</i>	<i>31 March 2018 £000</i>
Amounts falling due within one year	69,330	95,207	121,226	121,819
Amounts falling due within one to two years	11,315	5,971	1,247	202
Amounts falling due within two to three years	3,669	1,111	—	—
	<u>84,314</u>	<u>102,289</u>	<u>122,473</u>	<u>122,021</u>

The main facilities outstanding in the above periods are summarised as follows:

Amounts due to related party – being the principal and interest owed to Reliance. These relate to various loans provided in Sterling and United States Dollars to the Group at a fixed rate of interest of between 10% and 17%. The repayment period for the loans is within one year of being issued.

Export-Import Bank of India ('EXIM') – On 13 July 2012 a loan facility of \$25 million was provided by EXIM. This loan is secured against a fixed and floating charge over all UK Group company assets. Interest accrued at 6% above LIBOR, plus mandatory costs. Repayments commenced 18 July 2014, with the final repayment made in April 2018. Reliance acted as Corporate Guarantor on behalf of the Group for this facility.

Malaysia Debt Ventures – A facility of 44 million Malaysian Ringitts was provided to Codemasters Studios Sdn Bhd in 2015. This was secured via a fixed and floating charge over certain assets and over the shares of Codemasters Studios Sdn Bhd. The facility was subject to interest at 8.5%, repayments were made quarterly and an agreement was reached to settle the residual balance outstanding in August 2017. Reliance acted as Corporate Guarantor on behalf of the Codemasters Studios Sdn Bhd for this facility.

Malta Enterprise Loan – A facility of €3.5 million was provided in March 2014, with total drawdowns of approximately €2 million. Interest has been charged on the outstanding balance since 1 January 2016. Repayments of between \$25,000 to \$75,000 per month have been made since October 2016. The facility was secured against the shares of Codemasters (Malta) Limited.

Loans secured against creative sector relief claim – The Group have received two facilities, which have been secured against the VGTR tax credit submitted in April 2016 (£3 million) & April 2017 (£3.3 million). Drawdowns against the facilities were made in the year preceding the submission of the associated tax return. Interest of 6.5% and an arrangement fee of 2% was charged on the loans, with the loans being repaid immediately upon receipt of the VGTR tax credit for that financial year. Both facilities Reliance acted as Corporate Guarantor on behalf of the Group.

22 Financial Instruments

	<i>31 March 2015 £000</i>	<i>31 March 2016 £000</i>	<i>31 March 2017 £000</i>	<i>31 March 2018 £000</i>
Financial assets held at amortised cost:				
Trade receivables	1,334	635	630	1,566
Cash and cash equivalents	509	813	1,162	9,136
	<u>1,843</u>	<u>1,448</u>	<u>1,792</u>	<u>10,702</u>
	<i>31 March 2015 £000</i>	<i>31 March 2016 £000</i>	<i>31 March 2017 £000</i>	<i>31 March 2018 £000</i>
Financial liabilities held at amortised cost:				
Loans and borrowings	(84,314)	(102,289)	(122,473)	(122,021)
Trade payables	(6,976)	(2,933)	(860)	(2,628)
Amounts due to relating undertakings	(1,748)	(1,667)	(1,315)	—
Other payables	(15,930)	(18,789)	(10,836)	(18,393)
	<u>(108,968)</u>	<u>(125,678)</u>	<u>(135,484)</u>	<u>(143,042)</u>

23 Finance Leases

	31 March 2015 £000	31 March 2016 £000	31 March 2017 £000	31 March 2018 £000
Finance leases which expire:				
Within one year	—	—	—	163
In one to five years	—	—	—	217
In greater than five years	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>380</u>
Less: finance charges allocated to future periods	—	—	—	(28)
Present value of minimum lease payments	<u>—</u>	<u>—</u>	<u>—</u>	<u>352</u>

24 Provisions for liabilities

	<i>Provision for future credits & price protection £000</i>
As at 1 April 2015	1,781
Utilised in the year	(2,762)
Released in the year	(644)
Charge in the year	<u>3,378</u>
As at 31 March 2016	1,753
Utilised in the year	(4,105)
Released in the year	(1,208)
Charge in the year	<u>5,967</u>
As at 31 March 2017	2,407
Utilised in the year	(10,138)
Released in the year	(250)
Charge in the year	<u>11,372</u>
As at 31 March 2018	<u><u>3,391</u></u>

Provisions for future credits and price protections represent the Directors' best estimate of the likely future costs of the present obligations arising for credits and to give price protection to customers and returns. It is anticipated that the majority of provisions will be utilised within 12 months of the period end date. Amounts utilised in the period include credits applied to outstanding trade receivables.

Please note that as at 31 March 2015 there was also a provision for onerous leases of £56,000, which was fully utilised in the financial year ended 31 March 2016.

25 Called up share capital

At period end date the composition of Codemasters Group Holdings plc share capital was:

	31 March 2015		31 March 2016		31 March 2017		31 March 2018	
	£000	Voting Rights %	£000	Voting Rights %	£000	Voting Rights %	£000	Voting Rights %
Allotted and fully paid								
21,045,108,982 Class 1 ordinary shares of £0.0001 each	—	—	—	—	—	—	2,104	100
12,713,554,491 Class 1 ordinary shares of £0.0001 each	1,271	60.41	1,271	60.41	1,271	60.41	—	—
8,331,554,491 Class 2A ordinary shares of £0.0001 each	833	39.59	833	39.59	833	39.59	—	—
171,321,727 Class 2B ordinary shares of £0.0001 each	17	—	17	—	17	—	17	—
1,466,513,690 Class 2C ordinary shares of £0.00000001 each	—	—	—	—	—	—	—	—
33,366,891 Preferred shares of £1 each	—	—	—	—	—	—	33,367	—
14,950,000 Class 1A Preferred shares of £1 each	14,950	—	14,950	—	14,950	—	—	—
4,917,293 Class 1B Preferred shares of £1 each	4,917	—	4,917	—	4,917	—	—	—
13,499,597 Class 2 Preferred shares of £1 each	13,500	—	13,500	—	13,500	—	—	—
819,839,142,440,000 deferred shares of £0.00000001 each	8,199	—	8,199	—	8,199	—	8,199	—
	<u>43,687</u>	<u>100</u>	<u>43,687</u>	<u>100</u>	<u>43,687</u>	<u>100</u>	<u>43,687</u>	<u>100</u>

The rights and obligations attached to the share capital of the Company set out in the articles of association are summarised below.

i) Class 1 ordinary shares

- Class 1 ordinary shareholders are entitled to receive notice of, attend, speak and vote at General Meetings of the Company.
- The shares are not redeemable.
- All ordinary shares (i.e. Class 1, Class 2B and Class 2C) rank after all preferred shares but *pari passu* with other classes of ordinary shares in relation to dividends and distribution of capital (including on a winding up) as if the same together constituted one class.

ii) Class 2B ordinary shares

- Class 2B ordinary shareholders are not entitled to receive notice of, attend, speak or vote at General Meetings of the Company.
- The shares are not redeemable.
- All ordinary shares (i.e. Class 1, Class 2B and Class 2C) rank after all preferred shares but *pari passu* with other classes of ordinary shares in relation to dividends and distribution of capital (including on a winding up) as if the same together constituted one class.

iii) Class 2C ordinary shares

- Class 2C ordinary shareholders are not entitled to receive notice of, attend, speak or vote at General Meetings of the Company.
- The shares may be reclassified as deferred shares at any time at the discretion of the Company.
- The shares are not redeemable.

- All ordinary shares (i.e. Class 1, Class 2B and Class 2C) rank after all preferred shares but *pari passu* with other classes of ordinary shares in relation to dividends and distribution of capital (including on a winding up) as if the same together constituted one class.

iv) **Preferred shares**

- Preferred Shares rank in priority of all other shares of the Company in respect of distributions of dividend and capital (including on a winding up) and are not redeemable, the 10% annual cumulative preferred yield will only become payable on a liquidation, reduction of capital, sale or asset sale.

v) **Deferred shares**

- The deferred shareholders have no entitlement to receive notice of, attend, speak or vote at General Meetings of the Company.
- The deferred shares are not entitled to any participation in the profits or the assets of the Company.
- All deferred shares from time to time in issue may be redeemed by the Company at any time at the discretion of the Board for £1.00 in aggregate without obtaining the sanction of the holder or holders.

Share Class Re-designation

On 2 November 2017 the Board resolved to re-designate 8,331,554,491 Class 2A Ordinary Shares as Class 1 Ordinary Shares. This increased the number of Class 1 Ordinary Shares in issue from 12,713,554,491 to 21,045,108,982 shares of £0.0001 each in issue.

On the same date, the Board resolved to re-designate all 14,950,000 Class 1A Preferred Shares, £4,917,293 of Class 1B Preferred Shares and £13,499,597 of Class 2 Preferred shares (all of £1 each) as Preferred Shares of £1 each. In total there were 33,366,890 Class 1A, Class 1B and Class 2 Preferred Shares re-designated as Preferred Shares.

On 3 November 2017 the board resolved to issue a further Preferred Share of £1.

Executive Share Option Plan (ExSOP): Issue of Shares under The Codemasters Employees' Share Trust

On 17 April 2007 an offshore Employees Share Trust was created called The Codemasters Employees' Trust, the parties to the Trust being Codemasters Group Limited and EES Trustees International Limited.

The Trust provides a discretionary settlement for the benefit of employees and former employees of the Company, and of any other company which is from time to time a subsidiary of the Company.

The Trust has been funded by a Loan Facility Agreement between Codemasters Group Limited and the Trustee. Loans totalling £2,218,569 were provided to the Trust in 2007. This has enabled the Trustee to participate in the Executive Share Option Plan (ExSOP) and acquire under a Joint Ownership Agreement with selected employees of Codemasters Group shares in the Group.

Following the capital restructuring of the Group that was disclosed in the financial statements of the Company for the year ended 30 June 2009, the shares held by the Trust were predominately deferred shares and other non-voting Class 2B ordinary shares.

The loan was fully impaired in the accounts of Codemasters Group Limited in 2011, when it was understood that the market value of the shares held was insufficient for the Trust to repay the loan.

Equity Settled Share options

Certain employees of the Group were granted options to subscribe for ordinary shares in the Company under one of three share option plans established in the 2007/08 financial year. All three share option plans were approved by resolution of the Board of Directors.

The weighted average exercise price was £0.00435. Following the capital restructuring described in the Company's June 2009 financial statements, remaining options over ordinary shares converted to options over other classes of shares. The number of options held is detailed below:

<i>Financial year of grant</i>	<i>Exercise price £</i>	<i>Exercise period</i>	<i>2016 Number</i>	<i>Lapsed Number</i>	<i>2017 Number</i>	<i>Lapsed Number</i>	<i>2018 Number</i>	<i>Class of Share</i>
2007-2008	£0.00435	30 days to 10 years	11,947,100	250,000	11,697,100	11,697,100	—	Class 2B
2008-2009	£0.01286	30 days to 10 years	960,869,400,000	—	960,869,400,000	960,869,400,000	—	Deferred

The share options remaining at 31 March 2017 have lapsed on 21 November 2017, which as per the Deed of Grant dated 21 November 2007 was ten years following that date.

Revised share warrants

On 22 August 2012 the Company issued a Warrant to subscribe for Warrant shares (which represents 100% of the subscription rights) over Class 2B Ordinary shares of £0.0001 each to Kreos Capital III Limited (Fourth Warrant Instrument).

The original warrants were granted on 24 May 2007, to enable the warrant holder to subscribe for shares in the event of ten years from that date or in the event of a sale or listing of the entity. Due to a restructuring of the Group on 13 May 2009, these revised share warrants were issued in order to grant the warrant holder the ability to exercise 190,744,796 warrant shares on the earlier of 23 January 2017 or the completion of an exit event.

Those warrants were terminated and new warrants issued on 29 September 2010 to allow the warrant holder the ability to subscribe for Class 2B Shares of £0.0001 each. Those warrants were cancelled and replaced with the Fourth Warrant Instrument to enable the Warrant holder to subscribe to Class 2B Shares of £0.0001 each upon the trigger of an exit event (asset sale, listing or sale of the business).

On 21 December 2017 a commercial agreement was reached to cancel the Revised Share Warrants. The costs of this agreement have been included within other finance costs within interest payable in the income statement.

26 Financial commitments

The Group had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>			
	<i>31 March 2015</i>	<i>31 March 2016</i>	<i>31 March 2017</i>	<i>31 March 2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating leases which expire:				
Within one year	710	676	312	327
In one to five years	913	1,230	787	592
In greater than five years	—	—	—	—
	<u>1,623</u>	<u>1,906</u>	<u>1,099</u>	<u>919</u>

One of the leasehold properties operated by the Group is sub-let. The minimum future lease rentals under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>			
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating leases which expire:				
Within one year	71	218	282	24
In one to five years	213	218	24	—
In greater than five years	—	—	—	—
	<u>284</u>	<u>436</u>	<u>306</u>	<u>24</u>

27 Pension commitments

There is an amount of £106,000 of accrued pension contributions relating to defined contribution pension plans unpaid at 31 March 2018 (2015: £164,000, 2016: £66,000, 2017: £97,000). The Group has no obligations to defined benefit pension schemes.

28 Financial Risk Management

The Group uses a number of financial instruments. These include cash (including in foreign currency denominations), loans, forward foreign exchange contracts and trade receivables and payables that arise from its operations. The purpose of these financial instruments is to provide finance for the Group's operations. There is an inherent risk to the Group of using these financial instruments.

The main risks arising from the Group's financial instruments are financial risk, liquidity and interest rate risk, credit risk and currency risk, these are described below:

Financial risk management: The Group's operations expose it to a variety of financial risks that include liquidity and interest rate risk, credit risk and currency risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the Directors are implemented by the Group's finance department. There are processes in place to manage the financial risks listed.

Liquidity and interest rate risk: The Group actively manages a mixture of financing that is designed to ensure the Group has sufficient available funds for operations and planned expansions. Financing used by the Group throughout the period has included loans for the development of specific games and other working capital loans. The Group has both interest-bearing assets and interest bearing liabilities. The Group has a policy of maintaining debt at fixed rate where possible to give certainty of future interest cash flows. The Group has large historic shareholder loans which are contractually due in less than one year but are on the understanding that they will not be recalled until cashflows allow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based upon the remaining period at the period end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<i>Less than one year £000</i>	<i>Due between one and two years £000</i>	<i>Due between two and five years £000</i>	<i>Due more than five years £000</i>
31 March 2018				
Borrowings	121,819	202	—	—
Provisions for liabilities	3,391	—	—	—
Share based payments accrual	8,820	—	—	—
Trade and other payables	13,274	2,957	4,955	—
	<u>147,304</u>	<u>3,159</u>	<u>4,955</u>	<u>—</u>

	<i>Less than one year £000</i>	<i>Due between one and two years £000</i>	<i>Due between two and five years £000</i>	<i>Due more than five years £000</i>
31 March 2017				
Borrowings	121,226	1,247	—	—
Provisions for liabilities	2,407	—	—	—
Share based payments accrual	2,058	—	—	—
Trade and other payables	7,996	3,608	—	—
	<u>133,687</u>	<u>4,855</u>	<u>—</u>	<u>—</u>

	<i>Less than one year £000</i>	<i>Due between one and two years £000</i>	<i>Due between two and five years £000</i>	<i>Due more than five years £000</i>
31 March 2016				
Borrowings	95,207	5,971	1,111	—
Provisions for liabilities	1,753	—	—	—
Trade and other payables	16,022	3,144	2,688	—
	<u>112,982</u>	<u>9,115</u>	<u>3,799</u>	<u>—</u>

	<i>Less than one year £000</i>	<i>Due between one and two years £000</i>	<i>Due between two and five years £000</i>	<i>Due more than five years £000</i>
31 March 2015				
Borrowings	69,330	11,315	3,669	—
Provisions for liabilities	1,781	—	—	—
Trade and other payables	20,076	3,046	—	—
	<u>91,187</u>	<u>14,361</u>	<u>3,669</u>	<u>—</u>

The outstanding borrowings are at fixed interest rates, with exception of the loan due to Export-Import Bank of India that was fully repaid in April 2018 (repaid quarterly over four years).

Sensitivity to interest rate fluctuations:

If the average rate payable on the floating rate borrowings in the year to the 31 March 2018 was 1% higher throughout the period the profit before tax would have been approximately £40,000 lower (2016: £180,000 lower, 2017: £120,000 lower). If the interest rate on these liabilities was 1% lower the profit before tax for the period would be approximately £40,000 higher (2016: £180,000 higher, 2017: £120,000 higher).

Credit risk: The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is considered to be minimal as the cash is held with parties with high credit ratings as assigned by internationally recognised rating agencies.

The Group has implemented policies that require appropriate credit checks on potential customers before digital sales are made. There are very few new digital sales providers introduced to the Group and low risk customers are accepted, as such there is minimal risk from such areas. Exposure to credit risk has been mitigated further with the Group entering into distribution agreements with partners.

The Group mitigates the credit risk of business development or one-off transactions by pursuing a minimum guarantee payable in advance of the deliverable to the customer. The revenue recognised for any such transactions is only recognised when the performance obligations of the agreement are met, with the balance held as a creditor for any cash received in advance of that point.

The Group's method of assessing the expected credit loss is discussed in detail in note 17.

Currency risk: The Company seeks to balance the flows of revenues and costs across currencies to minimise the exposure to currency risk. Financial instruments are considered where appropriate to hedge such risk. Revenue is generated in Sterling, Euros and US Dollars. Those currencies are held and used to settle liabilities in the same currency. Any excess currencies are then converted into sterling.

Some of the Group's borrowings are in foreign currency, where these are repayable in US Dollars or Euros these are settled using receipts in those currencies. Much of the loan balances repayable to Reliance are denominated in US Dollars, this has been the primary driver of exchange rate gains and losses recognised in the income statement in the financial years presented.

The Group estimate that a change in US Dollar rate of 1% would cause the amount due on US Dollar loans to increase which would impact profit by £511,000.

Summarised in the table below are financial assets and liabilities denominated by currency:

	<i>31 March 2015 £000</i>	<i>31 March 2016 £000</i>	<i>31 March 2017 £000</i>	<i>31 March 2018 £000</i>
Trade receivables:				
US Dollars	803	114	218	1,429
Euros	35	66	82	39
Sterling	496	455	330	98
	<u>1,334</u>	<u>635</u>	<u>630</u>	<u>1,566</u>
	<i>31 March 2015 £000</i>	<i>31 March 2016 £000</i>	<i>31 March 2017 £000</i>	<i>31 March 2018 £000</i>
Loans and borrowings				
US Dollars	41,788	53,605	70,330	69,420
Euros	962	1,607	1,550	1,156
Other	4,837	3,164	1,560	—
Sterling	36,727	43,913	49,033	51,445
	<u>84,314</u>	<u>102,289</u>	<u>122,473</u>	<u>122,021</u>
	<i>31 March 2015 £000</i>	<i>31 March 2016 £000</i>	<i>31 March 2017 £000</i>	<i>31 March 2018 £000</i>
Other financial liabilities				
US Dollars	10,194	11,176	7,829	16,970
Euros	7,369	7,568	1,839	2,487
Sterling	7,091	4,645	3,343	1,564
	<u>24,654</u>	<u>23,389</u>	<u>13,011</u>	<u>21,021</u>

29 Reconciliation of liabilities arising from financing activities

	<i>Borrowings</i> <i>< 1 year</i> <i>£000</i>	<i>Lease</i> <i>liabilities</i> <i>< 1 year</i> <i>£000</i>	<i>Borrowings</i> <i>> 1 year</i> <i>£000</i>	<i>Lease</i> <i>liabilities</i> <i>> 1 year</i> <i>£000</i>	<i>Total</i> <i>£000</i>
1 April 2015	69,330	—	14,984	—	84,314
Cash flows:					
Repayments	(7,089)	—	—	—	(7,089)
Proceeds	13,741	—	—	—	13,741
Non-Cash:					
Interest rolled up	9,446	—	—	—	9,446
Exchange movements	1,877	—	—	—	1,877
Reclassifications	7,902	—	(7,902)	—	—
31 March 2016	95,207	—	7,082	—	102,289
Cash flows:					
Repayments	(10,775)	—	—	—	(10,775)
Proceeds	7,897	—	—	—	7,897
Non-Cash:					
Interest rolled up	13,418	—	—	—	13,418
Exchange movements	9,484	—	160	—	9,644
Reclassifications	5,995	—	(5,995)	—	—
31 March 2017	121,226	—	1,247	—	122,473
Cash flows:					
Repayments	(10,104)	(133)	—	—	(10,237)
Proceeds	1,247	476	—	—	1,723
Non-Cash:					
Interest rolled up	15,836	9	—	—	15,845
Exchange movements	(7,783)	—	—	—	(7,783)
Reclassifications	1,247	(202)	(1,247)	202	—
31 March 2018	121,669	150	—	202	122,021

30 Contingent liabilities and assets

The Codemasters Software Company Limited (“CSCL”), a subsidiary of this company has provided Barclays Bank Plc with a fixed charge over two of its bank accounts in relation to a combined facility provided to the Company of £55,000.

31 Related party transactions

At 31 March 2018 the Codemasters Employees’ Share Trust has a holding of shares in Codemasters Group Holdings plc acquired at a cost of £2,219,000 (2015, 2016 & 2017: £2,219,000). This loan has been fully impaired since June 2011.

During the year a short-term loan with a principal amount of \$1,562,500 was drawn down from Reliance. The funds are a loan to Codemasters Group Holdings plc. This loan has been added to other loans to the Company and CSCL from Reliance. During the year interest of £15,794,000 (2016: £9,534,279, 2017: £13,321,799) had accrued on these loans, which have been rolled up into the principal at year-end. At the period end date £119,397,000 (2015: £63,430,000, 2016: £84,736,000, 2017: £109,805,000) was outstanding.

Within trade and other receivables is a balance of £765 that has been paid by the Group on behalf of Reliance (2015 & 2016: nil, 2017: £765) As at 31 March 2017 there was £1,315,000 (2015: £1,748,000, 2016: £1,667,000) payable to Reliance Big Entertainment UK (Private) Limited (“RBUK”), a company within Reliance Group by CSCL. This balance is in respect of an assignment of CSCL’s digital revenue rights and was settled in full in the year ended 31 March 2018.

During the year the Group have engaged BIG Animation I Pvt Ltd ('Reliance Animation') to provide quality assurance services. These services supplement the internal labour resource that provides the bulk of these services. The total amount of services provided by Reliance Animation was £342,000 (2016: £268,000, 2017: £356,000).

As at 31 March 2018 there was a balance of £35,000 payable to Reliance Animation (2015: £35,000, 2016: £13,000, 2017: £46,000).

During the year the Group have made revenue of \$500 (2016: \$96,000, 2017: \$16,000) from Zapak Mobile Games Private Limited ('Zapak'). Zapak are a connected party to Reliance.

Within trade receivables there is a balance of £95,000 (2015: £13,000, 2016: £81,000, 2017: £105,000) due from Zapak. The total outstanding balance has been impaired at the reporting date (no impairment in 2015, 2016 or 2017).

During the year the Group have made revenue of £61,000 (2016: £77,000, 2017: £36,000) in respect of sales of boxed and digital products to Reliance Big Entertainment Private Limited.

Transactions with key management personnel:

Key management of the Group are the Directors and the senior management team. Key management personnel remuneration includes the following expenses:

	<i>Year ended 31 March 2016 £000</i>	<i>Year ended 31 March 2017 £000</i>	<i>Year ended 31 March 2018 £000</i>
Short-term employee benefits:			
Salaries including bonuses	661	1,548	1,327
Share based payments	—	1,808	5,942
Social security costs	88	459	998
	<u>749</u>	<u>3,815</u>	<u>8,267</u>
Post- employment benefits:			
Defined contribution pension plans	42	66	79
Total remuneration	<u>791</u>	<u>3,881</u>	<u>8,346</u>

Included within social security costs above is £820,000 (2017: £250,000. 2016: nil) of estimated National Insurance costs in relation to Share Based Payments.

There were no loans made to Directors or any employees of the Group in the reporting period.

32 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of Codemasters Group Holdings plc as the numerator. No adjustments to profit were necessary.

The reconciliation of the weighted average number of shares for the purpose of diluted earnings per share in the calculation of basic earnings per share is as follows:

	<i>31 March 2016</i>	<i>31 March 2017</i>	<i>31 March 2018</i>
Number of shares in issue			
Class 1	12,713,554,491	12,713,554,491	12,713,554,491
Class 1 formerly Class 2A	8,331,554,491	8,331,554,491	8,331,554,491
Class 2B	171,321,727	171,321,727	171,321,727
Class 2C	1,466,513,690	1,466,513,690	1,466,513,690
Total of shares in issue	<u>22,682,944,399</u>	<u>22,682,944,399</u>	<u>22,682,944,399</u>
Warrants and options not exercised	<u>594,798,555</u>	<u>556,246,215</u>	<u>402,309,403</u>
Total diluted shares	<u><u>23,277,742,954</u></u>	<u><u>23,239,190,614</u></u>	<u><u>23,085,253,802</u></u>

In the above years there were no dividends issued.

33 Transition to IFRS

As detailed within the basis of preparation, this is the first financial information that the Group has prepared in accordance with IFRS. The policies applied under the Group's previous accounting framework are not materially different to IFRS and have not affected Equity or Total Comprehensive Income. During the process of transitioning to IFRS, a number of prior period adjustments were identified. The impact of these adjustments at the date of transition and financial year ended 31 March 2016 when compared to previously submitted accounts of the Group under FRS 102 are detailed below:

Reconciliation of Equity

	<i>1 April 2015 £000</i>	<i>31 March 2016 £000</i>
As reported under FRS 102	(75,789)	(86,777)
A: Overhead costs	(288)	(497)
B: Accrued bonuses	1,462	684
C: Licensing agreements	<u>(2,844)</u>	<u>(2,262)</u>
As reported under IFRS	<u><u>(77,459)</u></u>	<u><u>(88,852)</u></u>

Reconciliation of Total Comprehensive Income

	<i>31 March 2016 £000</i>
As reported under FRS 102	(10,203)
A: Overhead costs	(209)
B: Accrued bonuses	(778)
C: Licensing agreements	<u>582</u>
As reported under IFRS	<u><u>(10,608)</u></u>

The adjustments relate to the following items:

A – Removal of capitalisation on overhead costs previously capitalised. Previously the Group had included overheads in relation to certain office support functions such as facilities staff and

human resources. Following a detailed review of the costs that qualify under IAS 38, overheads not directly attributable to the development of new products have been removed.

B – Correction of accrued bonuses. The accrual for employee bonuses and the associated expense recorded in the income statement has been corrected to reflect the material difference of bonuses paid in the subsequent financial period.

C – Treatment of licensing agreements. Where a material licensing agreement with a minimum guarantee payable is agreed and an irrevocable liability is triggered, a liability and corresponding intangible asset is recognised. The costs of the intangible asset are then amortised in line with other capitalised development costs and the interest cost arising from the unwinding of the discount are included within interest expense in the income statement. Previously the liability for such licenses was recognised in the statement of financial position upon receipt of invoice and recognised in the income statement as a cost of sale. The amendment has led to a reduced amount of cost of sales and increased amortisation and interest expenses.

34 Post reporting date events

Share-based incentive schemes

Between 18 May 2018 and 21 May 2018, the cash-settled share-based incentive schemes awarded by the Company to senior executives set out in Note 8 'Share based payments' were cancelled save for certain elements in relation to one senior executive and replaced with equity-settled call share option agreements between Reliance and the senior executives concerned. On 18 May 2018, the share option agreements were exercised by the senior executives whereby, in total, they acquired 1,258,750 Preferred Shares of £1 each in the Company from Reliance at a price of £0.1339 per Preferred Share.

Pre-admission group restructuring

In a series of steps undertaken between 8 May 2018 and 21 May 2018, the Group undertook a group reorganisation and debt restructuring whereby, *inter alia*:

- the 819,839,142,440,000 Deferred Shares of £0.00000001 each in the Company were cancelled and extinguished;
- Reliance transferred 23,333 ordinary shares in Codemasters Studios Sdn Bhd to the Company in consideration for the allotment and issue of 10,000 Class 1 Ordinary Shares of £0.0001 each in the Company to Reliance;
- Reliance transferred 333 ordinary shares in The Codemasters Software Company Limited to the Company in consideration for the allotment and issue of 150,000,000,000 Class 1 Ordinary Shares of £0.0001 each in the Company to Reliance;
- Aggregate initial principal loans due from the Group to Reliance of £68,522,884.09 were converted to equity through the issue of 685,228,840,900 Class 1 Ordinary Shares of £0.0001 each in the Company to Reliance and all of the accrued interest on the loans was waived by Reliance, as a result of which the aggregate amount of the loans plus accrued interest subsequently payable by the Group to Reliance was reduced to US\$5,000,000;
- The Company's capital was reduced through the cancellation of 794,499,302,609 Class 1 Ordinary Shares of £0.0001 each, 1,466,513,690 Class 2C Ordinary Shares of £0.00000001 each and 26,311,491 Preferred Shares of £1.00 each, and through the reduction of the nominal value of each class of shares to one tenth of their prior value and the cancellation of all except £0.21 of the share premium;
- The Preferred shares were subdivided and re-designated into Class 1 Ordinary Shares of £0.00001 each and all Class 2B Shares of £0.00001 each were re-designated as Class 1 Ordinary Shares of £0.00001 each;
- There was a bonus issue of 21,000 Class 1 Ordinary Shares of £0.00001 each in the Company; and
- All of the Class 1 Ordinary Shares of £0.00001 each in the Company in issue as a result of the above steps were consolidated and subsequently re-designated as Ordinary Shares of 1 pence each in the Company.

As a result of the above steps, at 21 May 2018, the issued share capital of the Company was £1,325,000, comprising of 132,500,000 Ordinary Shares of 1 pence each.

Conversion to plc

On 22 May 2018, the Company converted to a public limited company and changed its name from Codemasters Group Holdings Limited to Codemasters Group Holdings plc.

35 Ultimate parent company and controlling party

The intermediate parent company is Codemasters Group Holdings plc, at 31 March 2018 and at the date of signing the Historical Financial Information the Directors believe that Reliance has overall control of the intermediate parent company. The ultimate parent company of Reliance is Reliance Innoventures Private Limited, a company incorporated in India. The ultimate beneficial owner of the Group is Mr Anil D Ambani who owns 81.5% (including 16.5% as a joint shareholder) of Reliance Innoventures Private Limited.

SECTION B: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP



The Directors
Codemasters Group Holdings plc
Codemasters Campus
Stoneythorpe
Southam
Warwickshire
CV47 2DL

29 May 2018

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

T +44 (0)20 7383 5100
F +44 (0)20 7184 4301
grantthornton.co.uk

Dear Sirs

Codemasters Group Holdings plc (the Company) and its subsidiary undertakings (together, the Group) – Accountant's Report on the Historical Financial Information of the Group

We report on the Group's historical financial information for the three years ended 31 March 2018 set out in Section A of Part III (the **Historical Financial Information**). The Historical Financial Information has been prepared for inclusion in the Company's AIM admission document dated 29 May 2018 (the **Admission Document**) on the basis of the accounting policies set out in note 2 to the Historical Financial Information.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the Historical Financial Information on the basis of preparation set out in note 2 to the Historical Financial Information. It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 31 March 2016, 31 March 2017 and 31 March 2018 and of its profits/losses, cash flows and changes in equity for the years

ended 31 March 2016, 31 March 2017 and 31 March 2018 in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

PART IV

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

The unaudited *pro forma* statement of net assets of the Group and the related notes thereto set out in this Part IV of the Document (the “**Pro Forma Statement of Net Assets**”) have been prepared on the basis set out in the notes below to illustrate the impact of the debt restructuring as detailed in paragraph 13.1 of Part VII (“**Debt Restructuring**”) and Placing of the New Shares on the net assets of the Group as if the Debt Restructuring and Placing of the New Shares had taken place on 31 March 2018. The Pro Forma Statement of Net Assets has been prepared in a manner consistent with the accounting policies adopted by the Group in preparing the Historical Financial Information of the Group set out in Section A of Part III of this Document.

The Pro Forma Statement of Net Assets has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation. It does not purport to represent what the Group's financial position actually would have been if the Debt Restructuring and Placing of New Shares had occurred on 31 March 2018, nor does it purport to represent the financial position of the Group at any future date. It may not, therefore, give a true picture of the Group's financial position.

The Pro Forma Statement of Net Assets does not constitute financial statements within the meaning of Section 434 of the Act. Shareholders should read the whole of this Document and not rely solely on the summarised financial information contained in this Part IV of the Document.

Unaudited *pro forma* statement of net assets as at 31 March 2018

	<i>Group as at 31 March 2018 (Historical Financial Information) (Note 1) £'000</i>	<i>Debt Restructuring (Note 2) £'000</i>	<i>Net proceeds from the Placing of New Shares (Note 3) £'000</i>	<i>Pro forma net assets of the Group (Unaudited) (Note 4) £'000</i>
ASSETS				
Non-current assets				
Intangible assets	36,457	—	—	36,457
Tangible assets	8,520	—	—	8,520
Deferred tax asset	2,409	—	—	2,409
Total non-current assets	47,386	—	—	47,386
Current assets				
Inventories	182	—	—	182
Trade and other receivables	3,302	—	—	3,302
Creative Sector tax credit receivable	2,947	—	—	2,947
Cash at bank and in hand	9,136	(3,569)	13,281	18,848
Total current assets	15,567	(3,569)	13,281	25,279
Total assets	62,953	(3,569)	13,281	72,665
LIABILITIES				
Non-current liabilities				
Loans and borrowings	(202)	—	—	(202)
Trade and other payables	(7,912)	—	—	(7,912)
Total non-current liabilities	(8,114)	—	—	(8,114)
Current liabilities				
Loans and borrowings	(121,819)	119,397	—	(2,422)
Trade and other payables	(21,081)	—	—	(21,081)
Share-based payments accrual	(8,820)	—	—	(8,820)
Provisions for liabilities	(3,391)	—	—	(3,391)
Total current liabilities	(155,111)	119,397	—	(35,714)
Total liabilities	(163,225)	119,397	—	(43,828)
Net assets/(liabilities)	(100,272)	115,828	13,281	28,837

Explanatory notes to the Pro Forma Statement of Net Assets:

1. The financial information in respect of the Group as at 31 March 2018 has been extracted, without material adjustment, from the Historical Financial Information of the Group set out in Section A of Part III of this Document.
2. This column reflects the effect of the Debt Restructuring as detailed in paragraph 13.1 of Part VII of this Document, whereby (i) all but US\$5 million of the loan principal balances due from the Group to Reliance were converted to equity through the issue of Class 1 Ordinary Shares to Reliance; (ii) all accrued interest on the loan principal balances was waived by Reliance; and (iii) the remaining US\$5 million loan principal balance due from the Group to Reliance was subsequently repaid in cash. For the purposes of the Pro Forma Statement of Net Assets, adjustments have been made to:
 - reflect the cash repayment of US\$5 million of loan principal due to Reliance by reducing 'cash at bank and in hand' by £3.569 million (being US\$5 million converted to Sterling at an exchange rate at 31 March 2018 of US\$1.40114:£1.00); and
 - reflect the elimination of all amounts due to Reliance as a result of the US\$5 million cash repayment, the conversion of the remaining loan principal balances to equity and the waiver of the accrued interest on those loan principal balances by reducing 'Loans and borrowings' within current liabilities by £119.397 million (being the total amount of loan principal and accrued interest due to Reliance as at 31 March 2018, as set out in Note 21 to the Historical Financial Information).
3. The Pro Forma Statement of Net Assets has been prepared on the basis that the Company will raise £15.0 million in gross proceeds from the Placing of New Shares and that there will be approximately £1.7 million of fees and expenses incurred in respect of the transaction (net of recoverable VAT), resulting in net proceeds from the Placing of New Shares of approximately £13.3 million.
4. This column represents the sum of the preceding columns, and represents the illustrative *pro forma* net assets of the Group as at 31 March 2018 assuming the Debt Restructuring, Placing of New Shares and Admission had occurred on that date.
5. Apart from the items described above, no other adjustments have been made to reflect any issue of equity, trading activity, expenditure incurred, changes in working capital, changes in or repayment of debt, or other transactions subsequent to 31 March 2018.
6. This Pro Forma Statement of Net Assets does not constitute statutory accounts within the meaning of Section 434 of the Act.

PART V

TAXATION

United Kingdom tax treatment of Shareholders

1. INTRODUCTION

The statements set out below are intended only as a general guide to certain aspects of current UK tax law and the published practice of HM Revenue & Customs (“**HMRC**”) as at the date of this Document and apply only to certain Shareholders who are resident and domiciled for tax purposes in the UK (save where express reference is made to non-UK resident persons). The summary does not purport to be a complete analysis or listing of all the potential tax consequences of acquiring, holding or disposing of Shares and does not constitute tax advice. Prospective purchasers of Shares are advised to consult their own independent tax advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of Shares.

The following paragraphs relate only to certain limited aspects of UK taxation treatment of dividends paid by the Company, and disposals of Shares. The statements are not applicable to all categories of Shareholders, and in particular are not addressed to: (i) Shareholders who do not hold their Shares as capital assets or investments or who are not the absolute beneficial owners of those shares or dividends in respect of those shares; (ii) special classes of Shareholders such as dealers in securities, broker-dealers, insurance companies, trustees of certain trusts and investment companies; (iii) Shareholders who hold Shares as part of hedging or commercial transactions; (iv) Shareholders who hold Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or permanent establishment or otherwise); (v) Shareholders who hold Shares acquired by reason of their employment; (vi) Shareholders who hold Shares in an individual savings account or a self-invested personal pension; or (vii) Shareholders who are subject to UK taxation on a remittance basis; or (viii) Shareholders who are not resident in the UK for tax purposes (save where express reference is made to non-UK resident shareholders).

The following statements are based on current UK tax law as applied in England and Wales and current published practice of HMRC (which may not be binding on HMRC) as at the date of this Document.

2. UK TAXATION OF DIVIDENDS

The Company is not required to withhold tax when paying a dividend (whether in cash or in the form of a stock dividend).

Shareholders who are individuals

With effect from 6 April 2016, the previous system of dividend tax credits was abolished and was replaced with a new tax free allowance for individuals of £5,000 (the ‘dividend allowance’) in dividend income per tax year. This dividend allowance was reduced to £2,000 from 6 April 2018. Dividends received from the Company up to the amount of the dividend allowance (in aggregate) will not be subject to income tax for Shareholders who are UK resident individuals. To the extent that dividends received in a tax year exceed that dividend allowance, they will be taxed at a rate of 7.5 per cent., 32.5 per cent. or 38.1 per cent., for basic, higher and additional income tax rate payers respectively. Dividend income that is within the allowance will count towards an individual’s basic or higher rate limits. Dividend income will still be treated as the top slice of a Shareholder’s income.

Corporate Shareholders

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax at the prevailing rate applicable to dividends paid by the Company, unless the dividends fall within an exempt class and certain other conditions are met. Whether an exemption applies and whether the other conditions are met will depend on the circumstances of the particular Shareholder, although it is expected that the dividends paid by the Company would normally be exempt.

3. UK TAXATION OF CHARGEABLE GAINS IN RESPECT OF SHARES

If a Shareholder disposes (or is treated as disposing) of all or some of his Shares, a liability to tax on chargeable gains may arise depending on the relevant Shareholder's circumstances and any reliefs to which they are entitled. A chargeable gain or allowable loss is generally calculated by reference to the consideration received for the disposal less the allowable cost to the Shareholder of acquiring the Shares.

Shareholders who are UK tax resident individuals

Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of Shares by individuals will generally be subject to capital gains tax at a rate of 10 per cent. (for basic rate taxpayers) or 20 per cent. (for higher or additional rate taxpayers) (2018/19). Indexation allowance is not available. Each individual has an annual exempt amount each tax year (£11,700 for 2018/19): chargeable gains realised by that individual up to (in aggregate) that amount are not subject to UK capital gains tax.

UK tax resident corporate Shareholders

Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of Shares by a Shareholder within the charge to UK corporation tax will generally be subject to corporation tax at the current rate of 19 per cent. (2018/19). The UK government has announced that the main rate of UK corporation tax will reduce to 17 per cent. from 1 April 2020.

Effective from 1 January 2018, the government have introduced legislation to freeze indexation on corporate capital gains for disposals. The indexation allowance for subsequent disposals has been frozen at the amount that would be based on the Retail Price Index for December 2017.

Shareholders who are not resident in the UK for tax purposes

Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency or in the case of a non-UK resident corporate Shareholder, a permanent establishment to which their Shares are attributable).

Individual Shareholders who are temporarily not UK resident and who dispose of all or part of their Shares during that period may nonetheless be liable to UK capital gains tax on chargeable gains realised on their return to the UK, subject to any available exemptions or reliefs.

Shareholders who are resident for tax purposes outside the UK may be subject to foreign taxation on capital gains depending on their circumstances.

4. STAMP DUTY AND STAMP DUTY RESERVE TAX ("SDRT") ON TRANSFERS OF SHARES

The following paragraphs are intended only as a general and non-exhaustive guide to the UK stamp duty and SDRT position in relation to Shares under current UK law. They apply in relation to Shares irrespective of the residence or domicile of the relevant Shareholder or prospective Shareholder. They do not apply in relation to any issue or transfer of New Shares to, or to a nominee or agent for, a depositary receipt issuer or clearance service operator, or to persons such as market makers, brokers, dealers or intermediaries.

Transactions in shares such as the Shares are exempt from stamp duty and SDRT where those shares are admitted to trading on a recognised growth market but they are not listed on a recognised stock exchange. AIM is a recognised growth market. As a result, it is expected that purchases of Shares following Admission should not be subject to either stamp duty or SDRT so long as the shares are admitted to trading on AIM, but they are not listed on any recognised stock exchange and AIM continues to be a recognised growth market.

Where this growth market exemption does not apply:

- (a) Transfers on sale of Shares in certificated form will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given for the transfer, rounded up if necessary to the nearest multiple of £5.00. The purchaser generally pays the stamp duty. An exemption from stamp duty will be available on an instrument transferring the Shares where the amount or value of the consideration is

£1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

- (b) An unconditional agreement to transfer Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. However, if a duly stamped or exempt transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is the liability of the purchaser.
- (c) Agreements to transfer Shares within the CREST system will generally be liable to SDRT (rather than stamp duty) at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration in money or money's worth.

5. INHERITANCE TAX ("IHT")

Shares in AIM listed trading companies or a holding company of a trading group may, after a 2 year holding period, qualify for Business Property Relief for United Kingdom IHT purposes, subject to the detailed conditions for the relief. Investors should note that Business Property Relief would cease to be available in certain circumstances; for example, in the event that the Company's Shares were to become listed on another stock exchange, such as the Main Market of the London Stock Exchange or the Channel Islands Securities Exchange.

Prospective purchasers of Shares should consult their own tax advisers with respect to the tax consequences to them of acquiring, holding and disposing of Shares.

PART VI

TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEEES.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THESE TERMS AND CONDITIONS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EEA WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF FSMA (“QUALIFIED INVESTORS”), BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE INCLUDING ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE; (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE ALSO PERSONS WHO (I) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “FINANCIAL PROMOTION ORDER”); (II) FALL WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC) OF THE FINANCIAL PROMOTION ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

EACH INVITED PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS IN RELATION TO ANY PURCHASE OF PLACING SHARES.

1. Introduction

Participation in the Placing is only available to persons who are invited to participate by Liberum. Each person that is invited to and which confirms its agreement (whether orally or in writing) to Liberum to acquire or subscribe for Placing Shares under the Placing (the “**Placee**”) will be irrevocably bound by these terms and conditions and will be deemed to have accepted them.

Liberum may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as they may, in their absolute discretion, see fit and/or may require such Placee to execute a separate placing letter or contract note.

Upon being notified (either orally or in writing which includes by way of email) of the Placing Price and its allocation of Placing Shares, a Placee shall be contractually committed to acquire and pay for the number of Placing Shares allocated to them at the Placing Price (“**Placing Participation**”) and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment. Dealing may not begin before any notification is made.

In the event that Liberum has procured acceptances from Placees in connection with the Placing prior to the date of the despatch of the Document to a Placee, Liberum will, prior to Admission, request confirmation (whether orally, in writing or by conduct) from any such Placee that its Placing Participation as agreed in any earlier commitment remains firm and binding upon these terms and conditions and referable to the contents of the Document of which these terms and conditions form part. Upon such confirmation being given (whether orally, in writing or by conduct (including, without limitation, by receipt of the relevant placing proceeds by Liberum)) any agreement made in respect of the Placing Shares shall be varied, amended and/or ratified in accordance with these terms and conditions and based upon this Admission Document and no reliance may be placed by a Placee on any earlier version or draft of this Document, including any pathfinder admission document or printers proof admission document (“**P-Proof**”).

2. Agreement to subscribe for or acquire Placing Shares

Application will be made to the London Stock Exchange for the admission of the Placing Shares to be issued or to be sold pursuant to the Placing to trading on AIM. Except as otherwise set forth herein, it is anticipated that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 1 June 2018 for normal account settlement and that Admission will become effective on that date. The Placing Shares will not be admitted to trading on any stock exchange other than AIM. Each

Placee will be deemed to have read these terms and conditions in their entirety. Liberum is acting for the Company and the Selling Shareholders and no one else in connection with the Placing and will not regard any other person (whether or not a recipient of these terms and conditions) as a client in relation to the Placing and, to the fullest extent permitted by law and applicable FCA rules, neither Liberum nor any of its affiliates will have any liability to Placees or to any person other than the Company and the Selling Shareholders in respect of the Placing.

Liberum reserves the right, in its sole and absolute discretion, (following consultation with the Company) to scale back applications in such amounts as it considers appropriate. Each of Liberum and the Company also reserves the right to decline, in whole or in part, any application for Placing Shares pursuant to the Placing. Accordingly, applicants for Placing Shares may, in certain circumstances, not be allotted and/or sold the number of Placing Shares for which they have applied. The balance of subscription monies in the event of scaling back (or unsuccessful applications) will be posted to applicants by cheque (or, in the case of payment by electronic transfer, transferred to the bank from which payment was made), without interest, at the applicant's own risk.

The Placing Shares will rank equally in all respects with the Existing Shares of the Group on Admission, including the right to receive dividends or other distributions, if any.

3. Conditions

Each Placee's Placing Participation is in all respects conditional upon:

- (a) the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- (b) Admission having become effective,

in each case by 1 June 2018 or such later time and/or date as the Company and Liberum agree, but in any event being no later than 15 June 2018.

Pursuant to the Placing Agreement, Liberum has agreed, on behalf of and as agent for the Company and the Selling Shareholders, to use its reasonable endeavours to procure subscribers or purchasers for the Placing Shares at the Placing Price, subject to these terms and conditions. For the avoidance of doubt, the Placing will not be underwritten by Liberum or any other person and no commissions are payable to a Placee in respect of their Placing Participation.

The Placing Agreement will (*inter alia*) contain certain warranties from the Company, the Directors, Management and the Selling Shareholders and certain indemnities given by the Company and Reliance for the benefit of Liberum. Liberum may, in its sole discretion, terminate the Placing Agreement if prior to Admission, *inter alia*, a force majeure event occurs, there is a breach of any of the warranties or undertakings or the Company or the Directors fail to comply with their respective obligations under the Placing Agreement in any respect. The exercise by Liberum of any right of termination or any right of waiver exercisable by Liberum contained in the Placing Agreement or the exercise of any discretion under the Admission Document and the terms and conditions set out herein is within the absolute discretion of Liberum acting in good faith and it will not have any liability to a Placee whatsoever in connection with any decision to exercise or not exercise any such rights.

By accepting the Placing Shares referred to in this Document, each Placee agrees that Liberum without having any liability to them, may, in their absolute discretion, exercise the right, (i) to extend the time for fulfilment of any of the conditions in the Placing Agreement (provided that the Placee's commitment is not extended beyond 15 June 2018), (ii) to waive, in whole or in part, fulfilment of certain of the conditions; or (iii) to terminate the Placing Agreement, in each case without consulting such Placee.

If: (a) any of the conditions in the Placing Agreement are not satisfied (or, where relevant, waived); (b) the Placing Agreement is terminated; or (c) the Placing Agreement does not otherwise become unconditional in all respects, the Placing will not proceed and all funds delivered by a Placee to Liberum will be returned to such Placee at their risk without interest, their rights and obligations hereunder shall cease and determine at such time and no claim shall be made by such Placee in respect thereof.

None of the Company, the Directors, any Selling Shareholder or Liberum owes any fiduciary duty to any Placee in respect of the warranties, undertakings or indemnities in the Placing Agreement.

4. Settlement

The Company has applied for the Shares to be held in CREST and settlement of the Placing Shares will take place in CREST on a delivery versus payment (“DVP”) basis.

Placing Shares will be delivered direct into the Placee’s CREST account, provided payment has been made in terms satisfactory to Liberum and the details provided by the Placee have provided sufficient information to allow the CREST system to match to the CREST account specified. Placing Shares comprised in the Placee’s Placing Participation are expected to be delivered to the Placees’ CREST account in accordance with the standard settlement instructions held by Liberum.

If the Placee does not provide any CREST details or if the Placee provides insufficient CREST details to match within the CREST system to your details, Liberum may, at its discretion, deliver the Placee’s Placing Participation in certificated form provided payment has been made in terms satisfactory to Liberum and all conditions in relation to the Placing have been satisfied or waived.

Subject to the conditions set out above, payment in respect of the Placee’s Placing Participation is due as set out below. Placees should provide their settlement details in order to enable instructions to be successfully matched in CREST. *The relevant settlement details are as follows:*

<i>CREST participant ID of Liberum:</i>	ENQAN
<i>Expected Trade date:</i>	29 May 2018
<i>Settlement date:</i>	1 June 2018
<i>ISIN code for the Placing Shares:</i>	GB00BFWZ2G72
<i>Deadline for Placee to input instructions into CREST:</i>	10.00 a.m. 31 May 2018

In the event that the Placing Agreement does not become unconditional in all respects or is terminated, the Placing will not proceed. Once the Placing Shares are allotted and issued, such Placing Shares will be admitted to CREST with effect from Admission. It is expected that dealings on AIM in the Placing Shares will commence at 8.00 a.m. on 1 June 2018.

5. Payment for Placing Shares

In the event of any failure by any Placee to pay for its Placing Participation as so directed and/or by the time required by Liberum, the relevant Placee shall be deemed hereby to have appointed Liberum or any nominee thereof as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Placing Shares in respect of which payment shall not have been made as directed by Liberum and to indemnify Liberum and its affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales (as applicable). A sale of all or any of such Placing Shares shall not release the relevant Placee from the obligation to make such payment for Placing Shares to the extent that Liberum or its nominee has failed to sell such Placing Shares at a consideration which after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, is equal to or exceeds the Placing Price per Placing Share.

6. Selling and Transfer Restrictions

General

- 6.1 The distribution of this Document and the offer of the Placing Shares in certain jurisdictions may be restricted by law. This Document does not constitute an offer or invitation to acquire, underwrite or dispose of, or any solicitation of any offer or invitation to acquire, underwrite or dispose of, any Shares or other securities of the Company to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation in such jurisdiction, and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions, and must be persons who are able to lawfully receive this Document in their jurisdiction (all such persons being “**Relevant Persons**”), including those set out in paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.
- 6.2 No action has been or will be taken in any jurisdiction that would permit a public offering of the Placing Shares, or possession or distribution of this Document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Placing Shares may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material or advertisement in connection with the Placing

Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction.

- 6.3 In particular, neither this Document, nor these terms and conditions, constitutes an offer or invitation (or a solicitation of any offer or invitation) to acquire, underwrite or dispose of, or otherwise deal in, any Shares or other securities of the Company in the United States, Canada, Australia, Japan or the Republic of South Africa, or in any other jurisdiction in which any such offer, invitation or solicitation is or would be unlawful (“**Excluded Jurisdiction**”). The offer and sale of Shares has not been, and will not be, registered under the applicable securities laws of the United States, Canada, Australia, Japan or the Republic of South Africa. Subject to certain exemptions, the Shares may not be offered to, or sold within, the United States, Canada, Australia, Japan or the Republic of South Africa or to any national, resident or citizen of the United States, Canada, Australia, Japan or the Republic of South Africa.
- 6.4 Prospective investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of the Shares.

EEA

- 6.5 In relation to each Member State, no Placing Shares have been offered or will be offered pursuant to the Placing to the public in that Member State, except that offers of Placing Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Member State:
- (a) to any legal entity which is a “qualified investor” as defined under the Prospectus Directive;
 - (b) to fewer than 150 natural or legal persons (other than “qualified investors” as defined under the Prospectus Directive); or
 - (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Placing Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Member State and each person who initially acquires any Placing Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive.
- 6.6 The expression an “offer of any shares to the public” in relation to any Placing Shares in any Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Placing Shares to be offered, so as to enable a Placee to decide to acquire any Placing Shares, as the same may be varied for that Member State by any measure implementing the Prospectus Directive in that Member State.
- 6.7 In the case of any Placing Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Placing Shares acquired by it in the Placing have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Member State to “qualified investors” as so defined or in circumstances in which the prior consent of Liberum has been obtained to each such proposed offer or resale. The Company and Liberum and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

United States

- 6.8 The Placing Shares have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any State or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States. The Placing Shares are being sold outside of the United States in reliance on Regulation S.

7. Representations and Warranties

By agreeing to acquire or subscribe for Placing Shares, each Placee who confirms their agreement to acquire or subscribe for Placing Shares will (for itself and any person(s) procured by it to acquire or subscribe for Placing Shares and any nominee(s) for any such person(s)) be deemed to irrevocably agree, undertake, represent, warrant and acknowledge to each of the Company, the Registrar and Liberum that:

- 7.1 the exercise by Liberum of any rights or discretion under the Placing Agreement shall be within the absolute discretion of Liberum and Liberum need not have any reference to a Placee and shall have no liability to a Placee whatsoever in connection with any decision to exercise or not to exercise any such right. Each Placee agrees that it has no rights against Liberum, the Company and any of their respective directors and employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;
- 7.2 in agreeing to acquire or subscribe for Placing Shares under the Placing, it is relying solely on this Document and any supplementary admission document issued by the Company and not on any other information given, or representation or statement made at any time (including, without limitation, the roadshow presentation prepared by the Company, research by any party containing information about the Company the pathfinder admission document or the P-Proof), by any person concerning the Company, the Placing Shares, the Placing or Admission. It agrees that none of the Company, Liberum nor any of their affiliates, nor any of their respective directors, officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information, representation or statements;
- 7.3 it acknowledges that the content of this Document is exclusively the responsibility of the Company and the Board and that neither Liberum nor any person acting on Liberum's behalf nor any of its affiliates makes any representation, express or implied, nor accepts any responsibility whatsoever for the contents of this Document nor for any information, representation or statement made or purported to be made by them or on its or their behalf in connection with the Company, the Placing Shares, the Placing or Admission;
- 7.4 it will indemnify on an after-tax basis and hold harmless the Company and Liberum and their respective affiliates and any person acting on their behalf 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 in these terms and conditions;
- 7.5 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to acquire Placing Shares under the Placing, it undertakes, represents and warrants that it is a person to whom the Placing Shares may be lawfully offered under that other jurisdiction's laws and regulations, has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company or Liberum or any of their respective affiliates or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;
- 7.6 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Placing Shares and it is not acting on a nondiscretionary basis for any such person;
- 7.7 it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by it or any other person on the acquisition by it of any Placing Shares or the agreement by it to acquire any Placing Shares;
- 7.8 it agrees that, having had the opportunity to read this Document, it shall be deemed to have had notice of all information, undertakings, representations and warranties contained in this Document, that it is acquiring Placing Shares solely on the basis of this Document and no other information and that in accepting a participation in the Placing it has had access to all

information it believes necessary or appropriate in connection with its decision to acquire Placing Shares and has relied upon its own investigation of the business, financial or other position of the Company in deciding whether to participate in the Placing;

- 7.9 it has carefully read and understands this Document in its entirety and acknowledges that it is acquiring Placing Shares on the terms, and subject to the conditions, set out in this Part VI *Terms and Conditions of the Placing*) and the Articles as in force at the date of Admission, and that such agreement is legally binding and irrevocable, and is not capable of termination or rescission in any circumstances save for fraud, whether concluded by telephone or otherwise. Such Placee agrees that these terms and conditions represent the whole and only agreement between the Placee, Liberum and the Company in relation to the Placee's participation in the Placing and supersede any previous agreement between any of such parties in relation to such participation. Accordingly, all other terms, conditions, representations, warranties and other statements which would otherwise be implied (by law or otherwise) shall not form part of these terms and conditions. Such Placee agrees that none of the Company, Liberum nor any of their respective officers or directors will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;
- 7.10 that, save in the event of fraud on the part of Liberum, neither Liberum, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of Liberum's role whether as nominated adviser, sole book runner or broker, or otherwise in connection with the Placing and that where any such responsibility or liability nevertheless arises as a matter of law, the Placee and, if relevant, its clients, will, to the fullest extent permitted by law, immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- 7.11 it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this Document and, if given or made, any information or representation must not be relied upon as having been authorised by Liberum or the Company;
- 7.12 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 7.13 it has such knowledge, sophistication and experience in financial and business matters that it is capable of evaluating the merits and risks of its subscription for the Placing Shares and it is able to bear the economic risk and financial risk (including sustaining a complete loss) of the acquisition of such Placing Shares;
- 7.14 it has investigated independently and made its own assessment and satisfied itself concerning the relevant tax, legal, currency and other economic considerations relevant to its investment in the Placing Shares, including any federal, state and local tax consequences, affecting it in connection with its purchase and any subsequent disposal of the Placing Shares;
- 7.15 it is duly incorporated and validly existing under the laws of its jurisdiction of incorporation;
- 7.16 it has the power under its constitutional documents and has obtained all necessary consents and authorities (including, without limitation, all relevant members' resolutions) to acquire and pay for the Placing Shares comprised in the manner proposed and to enter into and perform its obligations pursuant to these terms and conditions, and there are no governmental or regulatory consents or other third party approvals, authorisations or orders required in order for it to acquire and pay for the Placing Shares in the manner proposed and to enter into and perform its obligations pursuant to these terms and condition that have not been or will not prior to Admission have been obtained;
- 7.17 the agreement to acquire or subscribe for the Placing Shares and payment therefor will comply with and will not violate any agreements to which it is a party or by which it or any of its properties or assets is bound and which is material to its participation and its obligations in respect thereof and will constitute its valid and legally binding agreement and it has the funds available to make payment for the full amount in respect of the Placing Shares as and when due;

- 7.18 it accepts and acknowledges that (i) the Placing Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered, sold, transferred or delivered directly in or into the United States except pursuant to an effective registration statement under the US Securities Act, an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any applicable state securities laws and, in connection with any such transfer, the Group will have the right to obtain, as a condition to transfer, a legal opinion of counsel, in form and by counsel reasonably satisfactory to the Group, that no such US Securities Act registration is or will be required along with appropriate certifications by the transferee as to appropriate matters. No representation has been made as to the availability of any exemption under the US Securities Act for the reoffer, resale, transfer or delivery of the Placing Shares; (ii) the Company has not filed a prospectus or similar document with any applicable securities regulatory authority of any province or territory of Canada, no document in relation to the Placing has been or will be lodged with, or registered by, the Australian Securities and Investments Commission and no registration statement has been, the Japanese Ministry of Finance in relation to the Placing Shares or will be filed with Financial Services Board of the Republic of South Africa; and (iii) the Placing Shares have not been, and will not be, registered under the securities laws of any Excluded Jurisdiction and, subject to certain exceptions, the Placing Shares may not be offered or sold directly or indirectly within Canada, Australia, Japan, the Republic of South Africa or any other Excluded Jurisdiction or to or for the account or benefit of any national, citizen or resident of such countries or of the Excluded Jurisdictions;
- 7.19 it will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Placing Shares in Australia, Canada, Japan or Republic of South Africa or to any national, resident or citizen of Australia, Canada, Japan or Republic of South Africa other than as may be permitted under the applicable law in the relevant jurisdiction and it acknowledges that the Placing Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or Republic of South Africa and that the same are not being offered for subscription or sale, and may not, directly or indirectly, be offered, sold, transferred or delivered, in Australia, Canada, Japan or Republic of South Africa other than as may be permitted under the applicable law in the relevant jurisdiction;
- 7.20 it accepts and acknowledges that there will be no public offer in the United States and the Shares are offered by way of a placing of the Shares to certain institutional and professional investors in the United Kingdom and elsewhere outside of the United States in reliance on Regulation S;
- 7.21 it acknowledges and agrees that it will not offer or sell any of the Placing Shares, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;
- 7.22 it has not distributed, forwarded, transferred or otherwise transmitted this Document or any other presentation or offering materials concerning the Placing Shares within the United States, nor will it do any of the foregoing, and it understands that the information in this Document, including financial information, may be materially different from any disclosure that would be provided in a registered offering in the United States;
- 7.23 if it is located in the United Kingdom, it is (i) a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) in the course of its business and a “Qualified Investor” (as defined above) and it will acquire, manage and dispose of the Placing Shares (as principal or agent) for the purposes of its business and (ii) not intending to offer or sell or otherwise deal with the Placing Shares in any way which would result in an offer to the public in the United Kingdom within the meaning of FSMA or in any other jurisdiction or require registration or prospectus publication or similar actions in any other jurisdiction;
- 7.24 if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Placing Shares may be lawfully offered under that other jurisdiction’s laws and regulations;
- 7.25 it is capable of being categorised as a person who is a “professional client” or an “eligible counterparty” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook;

- 7.26 it acknowledges that it is an “investment professional” (within the meaning of Article 19(5) of the Financial Promotion Order) or a “high net worth company” (within the meaning of Article 49(2) of the Financial Promotion Order) and a “Qualified Investor” (as defined above);
- 7.27 to the extent that it is located outside the United Kingdom but in the EEA it is a “Qualified Investor” as defined under the Prospectus Directive;
- 7.28 if it is outside the United Kingdom, neither this Document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person for whom it is procuring to acquire Placing Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Placing Shares could lawfully be distributed to and acquired and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 7.29 it confirms that 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 it is permitted to do so pursuant to section 21 of FSMA;
- 7.30 it acknowledges that after giving effect to its acquisition of the Placing Shares, it will inform the Company and Liberum if such acquisition will cause it to be required to make a notification to the Company in accordance with Rule 5.1.2R of the Disclosure Guidance and Transparency Rules or AIM Rule 17;
- 7.31 it acknowledges its obligations under the Criminal Justice Act 1993, the Proceeds of Crime Act 2002 (“**POCA 2002**”) and the EU Market Abuse Regulation (EU Regulation 596/2014) and confirms that it has complied and will continue to comply with all obligations thereunder;
- 7.32 it acknowledges that neither Liberum nor any of its directors, officers, agents or employees or its affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of Liberum or any of its affiliates and that neither Liberum nor any of its affiliates have any duties or responsibilities to it for providing protection afforded to its respective clients or for providing advice in relation to the Placing nor, if applicable, in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Placing;
- 7.33 it acknowledges that where it is acquiring Placing Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to acquire the Placing Shares for each such account; (ii) to make on each such account’s behalf the representations, warranties and agreements set out in this Document; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or Liberum. It agrees that the provision of this paragraph shall survive any resale of the Placing Shares by or on behalf of any such account;
- 7.34 it acknowledges that neither the Placee nor, as the case may be, their clients, expect Liberum to have any duties or responsibilities to the Placee similar or comparable to the duties of “best execution” and “suitability” imposed by The Conduct of Business Source Book contained in The FCA’s Handbook of Rules and Guidance, and that Liberum is not acting for the Placee or its clients, and that Liberum will not be responsible to the Placee or its clients for providing the protections afforded to its customers;
- 7.35 it irrevocably appoints any Director, duly authorised officer or employee and any director of Liberum to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its acquisition of all or any of the Placing Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
- 7.36 it accepts that if the Placing does not proceed or the relevant conditions to the Placing Agreement are not satisfied or the Placing Shares for which valid application are received and accepted are not admitted to trading on AIM for any reason whatsoever, then none of the Company and Liberum or any of their affiliates, nor persons controlling, controlled by or under

common control with any of them nor any of their respective employees, agents, directors, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

- 7.37 it may lawfully acquire the Placing Shares comprising its Placing Participation and has complied with, and will comply with, all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
- 7.38 in connection with its participation in the Placing (i) it has complied with its obligations in connection with money laundering and terrorist financing under the POCA 2002, the Terrorism Act 2000 (as amended from time to time), the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and (ii) it is not a person: (a) with whom transactions are prohibited under the Foreign Corrupt Practices Act of 1977 or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the US Department of the Treasury; (b) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or (c) subject to financial sanctions imposed pursuant to a regulation of the European Union or a regulation adopted by the United Nations (together, the Regulations); 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 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 and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such purchaser, and it will provide promptly to Liberum such evidence, if any, as to the identity or location or legal status of any person which Liberum may request from it in connection with the Placing (for the purpose of complying with such Regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by Liberum on the basis that any failure by it to do so may result in the number of Placing Shares that are to be purchased by it or at its direction pursuant to the Placing being reduced to such number, or to nil, as Liberum may decide at their sole discretion;
- 7.39 it holds harmless and will indemnify Liberum and/or the Company against any liability, loss or cost ensuing due to the failure to process this application, if such information as has been required has not been provided by it or has not been provided on a timely basis;
- 7.40 it acknowledges and agrees that information provided by it to the Company or the Registrar will be stored on the Registrar's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection Act 1998 (the "**Data Protection Law**") and other relevant data protection legislation which may be applicable, the Registrar is required to specify the purposes for which it will hold personal data. The Registrar will only use such information for the purposes set out below (collectively, the "**Purposes**"), being to: (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of Placing Shares, including processing personal data in connection with credit and money laundering checks on it; (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Placing Shares; (iii) provide personal data to such third parties as the Registrar may consider necessary in connection with its affairs and generally in connection with its holding of Placing Shares or as the Data Protection Law may require, including to third parties outside the United Kingdom or the EEA; and (iv) without limitation, provide such personal data to the Company, Liberum and their respective associates for processing, notwithstanding that any such party may be outside the United Kingdom or the EEA;
- 7.41 in providing the Registrar with information, it hereby represents and warrants to the Registrar that it has obtained the consent of any data subjects to the Registrar and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes). For the purposes of this Document, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Law;
- 7.42 the representations, undertakings and warranties contained in this Document are irrevocable. It acknowledges that Liberum, the Company and their directors, officers, agents and employees and their respective affiliates will rely upon the truth and accuracy of the foregoing

representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its acquisition for Placing Shares is no longer accurate, it shall promptly notify Liberum and the Company;

- 7.43 where it or any person acting on behalf of it is dealing with Liberum, any money held in an account with Liberum on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Liberum to segregate such money, as that money will be held by Liberum under a banking relationship and not as trustee;
- 7.44 any of its clients, whether or not identified to Liberum or any of its affiliates or agents, will remain its sole responsibility and will not become clients of Liberum or any of its affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 7.45 it accepts that the allocation of Placing Shares shall be determined by Liberum (in consultation with the Company) in its absolute discretion and that such persons may scale down any Placing commitments on such basis as it may determine; and
- 7.46 time shall be of the essence as regards its obligations to settle payment for the Placing Shares and to comply with its other obligations under the Placing.

8. Supply and Disclosure of Information

If either Liberum or the Company or any of their agents request any information in connection with a Placee's agreement to acquire Placing Shares under the Placing in order to comply with any relevant legislation, such Placee must promptly disclose it to them.

9. Miscellaneous

- 9.1 The rights and remedies of Liberum and the Company under these terms and conditions 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.
- 9.2 On application, if a Placee is an individual, that Placee may be asked to disclose in writing, or orally, his or her nationality and if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 9.3 All documents will be sent at the Placee's risk. They may be sent by post to such Placee at an address notified to Liberum.
- 9.4 Each Placee agrees to be bound by the Articles (as amended from time to time) once the Placing Shares, which the Placee has agreed to acquire pursuant to the Placing, have been acquired by the Placee. The New Shares will rank equally in all respects with the Existing Shares on Admission, including the right to receive dividends or other distributions, if any.
- 9.5 The contract to acquire or subscribe for Placing Shares under the Placing and the appointments and authorities mentioned in this Document and all disputes arising out of, or in connection with, its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Liberum and the Company, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.
- 9.6 In the case of a joint agreement to acquire Placing Shares under the Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 9.7 Liberum and the Company each expressly reserve the right to modify the Placing (including, without limitation, their timetable and settlement) at any time before allocations are determined. Each Placee agrees that its obligations pursuant to these terms and conditions are not capable of termination or rescission.

- 9.8 The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 12.1 of Part VII (Additional Information) of this Document.
- 9.9 Monies received from applicants pursuant to the Placing will be held by Liberum until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 8.00 a.m. on 1 June 2018, or such later date as the Company and Liberum may agree in writing (not being later than 8.00 a.m. on 15 June 2018), application monies will be returned without interest at the risk of the applicant.

10. Information to Distributors

- 10.1 Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended from time to time ("**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 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 retail investors and investors who meet the criteria of professional clients and 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.
- 10.2 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.
- 10.3 Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

PART VII

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and the Directors, whose names and functions appear on page 7 of this Document, accept responsibility for the information contained in this Document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY AND ITS SUBSIDIARIES

- 2.1 The Company was incorporated in England and Wales under the Companies Act 1985 on 21 February 2007 with company number 06123106 as a private company limited by shares with the name Shelfco (No.3385) Limited. On 16 April 2007, by a resolution of the shareholders of the Company, the name of the Company was changed to Codemasters Group Holdings Limited. The Company is domiciled in England and Wales. The Company has an indefinite life.
- 2.2 On 22 May 2018, the Company was re-registered as a public company limited by shares with the name Codemasters Group Holdings plc. The Company, and the Group, trade under the name "Codemasters".
- 2.3 The Company's registered office and principal place of business is Codemasters Campus, Stoneythorpe, Southam, Warwickshire CV47 2DL, and its telephone number is +44(0)1926 816000.
- 2.4 The Company and its activities and operations, as well as the issue of the Placing Shares, are principally regulated by the Act and the regulations made thereunder. The liability of the members of the Company is limited.
- 2.5 The Company's accounting period ends on 31 March of each year. The annual report and accounts are prepared in Sterling according to accounting standards laid out under IFRS.
- 2.6 The business of the Company and its principal activity is to act as the holding company of the Group.
- 2.7 The Company has eleven active, direct or indirect subsidiaries, details of which are set out below:

<i>Name</i>	<i>Registration number</i>	<i>Country of incorporation</i>	<i>Percentage of beneficial ownership</i>
Codemasters Holdings Limited	06123100	England and Wales	100% by the Company
Codemasters Group Limited	03158832	England and Wales	100% by Codemasters Holdings Limited
Codemasters Limited	02585110	England and Wales	100% by Codemasters Group Limited
Digital Computers Limited	01867793	England and Wales	100% by Codemasters Group Limited
Codemasters Studios Sdn Bhd	Malaysian CRN: 720814-V	Malaysia	70% by the Company 30% by Suasa Synergi Sdn Bnd
Codemasters (Malta) Limited	Maltese CRN: C64105	Malta	100% by Codemasters Group Limited

<i>Name</i>	<i>Registration number</i>	<i>Country of incorporation</i>	<i>Percentage of beneficial ownership</i>
The Codemasters Software Company Limited	02044132	England and Wales	100% by the Company
CSC1 Limited	05988511	England and Wales	100% by The Codemasters Software Company Limited
CSC3 Limited	06552102	England and Wales	100% by The Codemasters Software Company Limited
Codemasters Development Company Limited	09757951	England and Wales	100% by The Codemasters Software Company Limited
Sensible Limited	03003121	England and Wales	100% by The Codemasters Software Company Limited

3. SHARE CAPITAL

3.1 The share capital history of the Company from 31 March 2015 to the date of this Document is as follows:

3.1.1 As at 31 March 2015 (and at 1 April 2017), the issued share capital of the Company, all of which was fully paid or credited as fully paid, was as follows:

<i>Class of share</i>	<i>Number of shares in issue</i>	<i>Aggregate nominal amount</i>
Class 1 Ordinary of £0.0001 each	12,713,554,491	£1,271,355.4491
Class 2A Ordinary of £0.0001 each	8,331,554,491	£833,155.4491
Class 2B Ordinary of £0.0001 each	171,321,727	£17,132.1727
Class 2C Ordinary of £0.00000001 each	1,466,513,690	£14.6651
Class 1A Preferred of £1.00 each	14,950,000	£14,950,000.00
Class 1B Preferred of £1.00 each	4,917,293	£4,917,293.00
Class 2 Preferred of £1.00 each	13,499,597	£13,499,597.00
Deferred of £0.00000001 each	819,839,142,440,000	£8,198,391.4244

3.1.2 As at 2 November 2017, being the date on which the Company performed a re-designation of its shares, the issued share capital of the Company, all of which was fully paid or credited as fully paid, was as follows:

<i>Class of share</i>	<i>Number of shares in issue</i>	<i>Aggregate nominal amount</i>
Class 1 Ordinary of £0.0001 each	21,045,108,982	£2,104,510.8982
Class 2B Ordinary of £0.0001 each	171,321,727	£17,132.1727
Class 2C Ordinary of £0.00000001 each	1,466,513,690	£14.6651
Preferred of £1.00 each	33,366,890	£33,366,890.00
Deferred of £0.00000001 each	819,839,142,440,000	£8,198,391.4244

3.1.3 On 3 November 2017 the issued share capital of the Company was increased from £43,686,939.1604 to £43,686,940.1604 by the allotment and issue of 1 Preferred Share of £1.00 fully paid at par.

3.1.4 On 8 May 2018, the issued share capital of the Company was reduced from £43,686,940.1604 to £35,488,548.7360 by the cancellation and extinguishment of 819,839,142,440,000 Deferred Shares of £0.00000001 each in the Company.

- 3.1.5 On 16 May 2018, the issued share capital of the Company was increased from £35,488,548.7360 to £35,488,549.7360 by the allotment and issue of 10,000 Class 1 Ordinary Shares of £0.0001 each in the capital of the Company credited as fully paid pursuant to the agreement referred to in paragraph 13.2 below.
- 3.1.6 On 16 May 2018, the issued share capital of the Company was increased from £35,488,549.7360 to £50,488,549.7360 by the allotment and issue of 150,000,000,000 Class 1 Ordinary Shares of £0.0001 each in the capital of the Company credited as fully paid pursuant to the agreement referred to in paragraph 13.3 below.
- 3.1.7 On 17 May 2018, the issued share capital of the Company was increased from £50,488,549.7360 to £119,011,433.8260 by the allotment and issue of 685,228,840,900 Class 1 Ordinary Shares of £0.0001 each in the capital of the Company credited as fully paid in consideration of the release by Reliance of the Company from the repayment of the aggregate principal loan amount of £68,522,884.09 referred to in paragraph 13.1 below.
- 3.1.8 As at 17 May 2018, and after the allotment and issue referred to in paragraph 3.1.7 above, the issued share capital of the Company, all of which was fully paid or credited as fully paid, was as follows:

<i>Class of share</i>	<i>Number of shares in issue</i>	<i>Aggregate nominal amount</i>
Class 1 Ordinary of £0.0001 each	856,273,959,882	£85,627,395.9882
Class 2B Ordinary of £0.0001 each	171,321,727	£17,132.1727
Class 2C Ordinary of £0.00000001 each	1,466,513,690	£14.6651
Preferred of £1.00 each	33,366,891	£33,366,891.00

- 3.1.9 By special resolutions passed by way of written resolutions on 18 May 2018, the issued share capital of the Company of £119,011,433.8260 was reduced to £1,324,999.79 divided into 61,774,657,273 Class 1 Ordinary Shares of £0.00001 each, 171,321,727 Class 2B Ordinary Shares of £0.00001 each and 7,055,400 Preferred Shares of £0.10 each by the cancellation and extinguishment of:
- (a) 794,499,302,609 of the 856,273,959,882 Class 1 Ordinary Shares of £0.0001 each in the capital of the Company registered in the name of Reliance;
 - (b) 26,311,491 of the 33,366,891 Preferred Shares of £1 each in the capital of the Company registered in the name of Reliance;
 - (c) all of the 1,466,513,690 Class 2C Ordinary Shares of £0.00000001 each in the capital of the Company in issue;
 - (d) £0.90 of the nominal amount of £1 paid up on each of the remaining 7,055,400 fully paid up Preferred Shares of £1 each in the capital of the Company;
 - (e) £0.00009 of the nominal amount of £0.0001 paid up on each of the remaining 61,774,657,273 Class 1 Ordinary Shares of £0.0001 each in the capital of the Company; and
 - (f) £0.00009 of the nominal amount of £0.0001 paid up on each of the remaining 171,321,727 Class 2B Ordinary Shares of £0.0001 each in the capital of the Company

and following such reduction, the issued share capital of the Company, all of which was fully paid or credited as fully paid, was as follows:

<i>Class of share</i>	<i>Number of shares in issue</i>	<i>Aggregate nominal amount</i>
Class 1 Ordinary of £0.00001 each	61,774,657,273	£617,746.57273
Class 2B Ordinary of £0.00001 each	171,321,727	£1,713.21727
Preferred of £0.10 each	7,055,400	£705,540

- 3.1.10 By special resolutions passed by way of written resolutions on 19 May 2018:
- (a) each of the 171,321,727 Class 2B Ordinary Shares of £0.00001 each in the capital of the Company was converted, reclassified and redesignated into Class 1 Ordinary Shares of £0.00001 each;

- (b) each of the 7,055,400 Preferred Shares of £0.10 each in the capital of the Company was sub-divided, converted, reclassified and redesignated into 70,554,000,000 Class 1 Ordinary Shares of £0.00001;
- (c) the sum of £0.21 (being the balance of the Company's share premium account) was capitalised and appropriated as capital to certain holders of Class 1 Ordinary Shares of £0.00001 each in the capital of the Company and the directors of the Company were authorised to apply such sum in paying up in full 21,000 Class 1 Ordinary Shares of £0.00001 each in the capital of the Company, and to allot and issue such new shares (credited as fully paid up) to certain of those holders.

The issued share capital of the Company, all of which was fully paid or credited as fully paid, following the passing of such resolutions was as follows:

<i>Class of share</i>	<i>Number of shares in issue</i>	<i>Aggregate nominal amount</i>
Class 1 Ordinary of £0.00001 each	132,500,000,000	£1,325,000

3.1.11 By way of special resolutions passed by way of written resolutions on 21 May 2018, in accordance with section 618 of the Act, the 132,500,000,000 Class 1 Ordinary Shares of £0.00001 each in the capital of the Company were consolidated into 132,500,000 Ordinary Shares of 1 pence each.

3.1.12 As at 21 May 2018, and following the consolidation referred to in paragraph 3.1.11 above, the issued share capital of the Company was £1,325,000 divided into 132,500,000 Ordinary Shares of 1 pence each.

Notes:

1. The nominal amounts of share capital stated above have in some cases been rounded up to four decimal places.
2. On 3 November 2017, the Company purported to buy back all of the Deferred Shares of £0.00000001 each in issue. The buy back was defective, principally because of the lack of a formal written contract recording the terms of the buy back, and accordingly on 8 May 2018 the Company undertook the reduction of capital referred to in paragraph 3.1.4 above resulting in the cancellation and extinguishment of all of the Deferred Shares of £0.00000001 each.

3.2 Options granted to the Executive Management Team pursuant to call option agreements dated 18 May 2018 between Reliance and each of the Executive Management Team were exercised on 18 May 2018 as a result of which the Executive Management Team acquired the following numbers of Preferred Shares of £1 each in the Company from Reliance at a price of £0.1339 per Preferred Share:

	<i>Preferred Shares of £1.00 each</i>
Frank Sagnier	616,125
Rashid Varachia	278,250
Jonathan Bunney	192,125
Ian Hocking	172,250

The call option agreements also contain provisions allowing each of the Executive Management Team an option to acquire such numbers of Shares following the exercise of the options referred to above as will result in each member of the Executive Management Team's entire interest in the Shares as at the date of this Document being as detailed below.

	<i>Interest in Shares as at the date of this Document</i>
Frank Sagnier	4.65%
Rashid Varachia	2.10%
Jonathan Bunney	1.45%
Ian Hocking	1.30%

Pursuant to indemnity agreements dated 18 May 2018 between each member of the Executive Management Team (1) Reliance (2) and the Company (3), each member of the Executive Management Team has agreed to reimburse the Company in respect of any

income tax and employee's national insurance for which it is liable to account under the pay-as-you-earn (PAYE) system in respect of the grant and exercise of the options referred to above. The Executive Management Team's ability to sell Shares to fund their obligations under their respective indemnity agreements will be subject to the Management Lock In Agreement set out at paragraph 12.4 of this Part VII. Reliance has agreed to pay to the Company any such amounts which the Company is liable to account for under PAYE, and in respect of which notification has been received from HMRC by 31 March 2020, if the relevant amounts have not been reimbursed by the Executive Management Team by the time the Company makes such payment to HMRC and will be entitled to seek reimbursement from the Executive Management Team pursuant to the terms of the relevant indemnity.

The Company will be responsible for employer's national insurance that is expected to arise in relation to the exercise of the options. Reliance has agreed to indemnify the Company in the event that any further liability for employer's national insurance arises in connection with the exercise of the options.

3.3 By ordinary and special resolutions passed by way of written resolutions on 22 May 2018:

3.3.1 the directors of the Company were generally and unconditionally authorised, conditional on Admission, in accordance with section 551 of the Act to exercise all of the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert securities into shares in the Company up to an aggregate nominal amount of:

- (a) £75,000 pursuant to the Placing of the New Shares;
- (b) £14,000 pursuant to the LTIP;
- (c) £22,400 pursuant to the ESOP;
- (d) £5,600 pursuant to the NED Plan;
- (e) following Admission, up to £933,332 (representing approximately two thirds of the enlarged share capital) (such amount to be reduced by the extent to which the authority granted by paragraph 3.2.1(f) below is utilised) in connection with an offer by way of rights issue to shareholders in proportion to their existing shareholdings (and holders of any equity securities entitled to participate or as the directors of the Company otherwise consider necessary); and
- (f) following Admission, up to £466,666 (representing approximately one-third of the Enlarged Share Capital),

such authority to expire on the earlier of 30 September 2019 or the conclusion of the Company's first annual general meeting to be held after Admission, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares in the Company in pursuance of such an offer or agreement as if such authority had not expired;

3.3.2 the directors of the Company were generally empowered, conditional on Admission, (pursuant to section 570 of the Act) to allot equity securities (within the meaning of section 560 of the Act) pursuant to the authority referred to in paragraph 3.3.1 above as if section 561 of the Act did not apply to any such allotment, such power being limited to:

- (a) the allotment of Shares or the grant of rights to subscribe for or to convert securities into shares in the Company pursuant to the authority referred to in paragraphs 3.3.1(a) to 3.3.1(d) above;
- (b) the allotment of equity securities connection with an offer of equity securities (but in the case of the authority granted by paragraph 3.3.1(e) above, by way of a rights issue only) to shareholders in proportion to their existing shareholdings (and to holders of any equity securities entitled to participate or as the directors of the Company otherwise consider necessary); and
- (c) in any other case, up to an aggregate nominal amount of £140,000,

such authority to expire on the earlier of 30 September 2019 or the conclusion of the Company's first annual general meeting to be held after Admission, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of equity securities in pursuance of such an offer or agreement as if such authority had not expired;

3.3.3 the Company was authorised, conditional on Admission, in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of up to 14,000,000 Shares (being approximately 10 per cent. of the Enlarged Share Capital) on such terms as the directors of the Company may from time to time determine, such shares to be either held as treasury shares or cancelled as the Directors may determine provided that:

- (a) the minimum price which may be paid for a Share is 1 pence;
- (b) the maximum price which may be paid for a Share must not be more than the higher of (i) one hundred and five per cent. above the average of the mid-market quotations for the Shares for the five Business Days immediately preceeding the day on which the purchase is made or (ii) the higher of the last independent trade and the highest current independent bid for Shares,

such authority to expire on the earlier of 30 September 2019 or the conclusion of the Company's first annual general meeting to be held after Admission, save that the Company may contract to purchase Shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Shares in pursuance of such contract as if this authority has not expired.

3.4 On 25 May 2018, the Board resolved, conditionally upon Admission taking place by not later than 15 June 2018, to allot and issue the New Shares for cash at the Placing Price.

3.5 Set out below is the issued share capital of the Company: (a) at the date of this Document; and (b) immediately following Admission (assuming that all of the New Shares are issued pursuant to the Placing):

	<i>As at the date of this Document</i>	<i>Immediately following Admission</i>
Shares	132,500,000	140,000,000

3.6 The effect of the Placing will be to increase the net assets of the Company by £13.3 million.

3.7 The Act abolished the requirement for companies incorporated in England and Wales to have an authorised share capital. Furthermore, the Articles do not contain a provision expressly limiting the number of shares that can be issued by the Company.

3.8 Save in connection with the Placing and as disclosed in paragraph 3.13 below, no share or loan capital of the Company is proposed to be issued or is under option or is agreed, conditionally or unconditionally, to be put under option.

3.9 The Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

3.10 The Shares are in registered form and capable of being held in uncertificated form. None of the Shares are being marketed or made available in whole or in part to the public in conjunction with the application for Admission. The New Shares to be issued pursuant to the Placing are being issued at a price of 200 pence per Share, representing a premium of 199 pence over the nominal value of 1 pence each. The expected issue date is 1 June 2018.

3.11 The currency of the issue of New Shares is Sterling.

3.12 **Share Incentive Awards**

Conditional on Admission, the Company will have adopted the Share Incentive Awards Plans (excluding the SAYE Scheme) and it is intended that the Share Options will be granted to the Directors and Management of the Company on Admission as set out in paragraph 3.13 of this Part VII.

- 3.13 Conditional on Admission, the Directors, the Management and officers and employees of the Company and its subsidiaries are interested in the following Shares pursuant to the Share Incentive Awards Plans:

<i>Name</i>	<i>Date of grant</i>	<i>No. of Shares subject to Share Incentive Awards</i>	<i>Exercise Price</i>	<i>Latest Exercise Date</i>
Frank Sagnier (Note 1)	1 June 2018	560,000	1 pence	31 May 2028
Frank Sagnier (Note 2)	1 June 2018	15,000	200 pence	31 May 2028
Rashid Varachia (Note 1)	1 June 2018	420,000	1 pence	31 May 2028
Rashid Varachia (Note 2)	1 June 2018	15,000	200 pence	31 May 2028
Gerhard Florin (Note 3)	1 June 2018	350,000	200 pence	31 May 2028
Ian Gomes (Note 3)	1 June 2018	210,000	200 pence	31 May 2028
Shibasish Sarkar	—	Nil	—	—
Ian Hocking (Note 1)	1 June 2018	210,000	1 pence	31 May 2028
Ian Hocking (Note 2)	1 June 2018	15,000	200 pence	31 May 2028
Jonathan Bunney (Note 1)	1 June 2018	210,000	1 pence	31 May 2028
Jonathan Bunney (Note 2)	1 June 2018	15,000	200 pence	31 May 2028

Note 1: Nil Cost Options granted under the LTIP

Note 2: Share Option qualifying and granted under the ESOP

Note 3: Options granted under the NED Plan for Non-Executive Directors

Under the LTIP, the Nil Cost Options will vest and become exercisable subject to the achievement of performance targets following the third anniversary of Admission. Under the ESOP, one third of the Options will vest and become exercisable on the first anniversary of Admission and the balance of the Options will vest and become exercisable in equal proportions on a monthly basis up to the third anniversary of Admission, subject to the Option holder remaining in service. Further details of the terms relating to the Share Options are set out in paragraph 4 of Part VII of this Document.

4. SHARE INCENTIVE AWARDS PLANS

4.1 General

The principal provisions of the Share Incentive Awards Plans are as follows:

The LTIP will be established to incentivise executive Directors and senior executives in the Company, including the Chief Executive Officer, the Chief Finance Officer, the Vice-President of Publishing and the Vice-President of Product Development. Under the LTIP, Participants will be awarded rights to acquire Shares subject to challenging performance targets.

The ESOP will be established for the benefit of mid-tier management and all employees and under this plan, Participants will be granted Options to acquire Shares which may be exercised from the first anniversary of the date of grant. The exercise price for Options granted under the ESOP will be the market value of the Share on the date of grant. Options will require Participants to remain with the Group for a minimum one year and up to three years to become fully exercisable, subject to good leaver provisions. It is intended that Participants will be granted Options under the ESOP on an annual basis to the extent possible within applicable limits, Options will qualify for tax reliefs under Schedule 4 of ITEPA 2003 (“**qualifying Options**”) but will otherwise be subject to income tax and Class 1 NICs to the extent that the Options granted exceed the statutory limits.

Participants in the LTIP will not also participate in the ESOP except that executive Directors and senior executives will receive a grant of qualifying Options on Admission and thereafter will be eligible to receive grants of qualifying Options every three years (up to the applicable individual limits).

As part of the terms of their appointment and remuneration, non-executive Directors will be eligible to receive options to acquire Shares in the Company. The NED Plan will grant options on terms similar to those granted under the ESOP.

Following Admission, the Company may choose to offer participation to all employees in a tax beneficial savings-related share option scheme and a summary of the terms of an SAYE Scheme are also set out below.

The number of Shares which may be issued pursuant to the settlement of the Share Incentive Awards and any awards pursuant to future share-based schemes adopted by the Company following Admission shall be limited to a maximum of 10 per cent. of the total issued share capital over the period of 10 years from Admission including Share Incentive Awards made on but not prior to Admission.

Share Options under the Share Incentive Awards Plans will be made on Admission as follows:

- to executive Directors and senior executives Nil Cost Options under the LTIP over Shares comprising 1 per cent. of the issued share capital of the Company following Admission and subject to the performance conditions set out below;
- to all employees Options under the ESOP over Shares comprising 1.6 per cent. of the issued share capital of the Company following Admission with an exercise price equal to the Placing Price; and
- to independent non-executive Directors options under the NED Plan over Shares comprising 0.4 per cent. of the issued share capital of the Company following Admission with an exercise price equal to the Placing Price.

The following provisions are common to the Share Incentive Awards Plans and further details of the specific provisions of each plan are set out below.

4.1.1 Grant of Share Incentive Awards

With the exception of Share Incentive Awards made on Admission, eligible employees may be granted Share Incentive Awards:

- during the period of 42 days following an announcement by the Company of its interim or final results for any period; or
- at any time that the Board determines that exceptional circumstances have arisen.

Share Incentive Awards may not be granted more than ten years after the adoption of the Share Incentive Awards Plans and may not be granted at any time when dealings in Shares are prohibited under the Company's dealing code and/or the AIM Rules.

4.1.2 Settlement of Share Incentive Awards

Share Incentive Awards under the Share Incentive Awards Plans may be satisfied with newly issued Shares subject to the ten per cent. limit set out above, or Shares purchased in the market. The Company may in due course establish an employee benefit trust for the purpose of acquiring shares in the market to settle Share Incentive Awards. Further details of the trust are set out below.

4.1.3 Variation of Share Capital

In the event of any variation of share capital of the Company or any capitalisation of profits or reserves by way of consolidation, sub-division, bonus issue or reduction of the Company's share capital or in respect of any discount element in any rights issue or in the event that a special dividend is paid, the number of Shares subject to an award and/or the exercise price of any option may be varied in such manner as the Board considers to be appropriate.

4.1.4 Amendments Requiring Shareholder Approval

The material terms of the Share Incentive Awards Plans can only be changed to the material advantage of Participants with the approval of 75 per cent. of the Shareholders, except necessary amendments for the administration of the plans or to obtain or maintain tax advantages for Participants and/or the Company.

No awards may be made under the Share Incentive Awards Plans after the 10th anniversary of the date of Admission.

4.2 LTIP

4.2.1 Overview

The LTIP will provide equity incentives over Shares to executive Directors and senior executives of the Group following Admission.

The LTIP provides for the following types of awards:

- Nil Cost Options;
- conditional Share awards ("**Conditional Awards**"); and
- growth shares, being awards of shares in a subsidiary of the Company which may be exchanged for Shares in the Company ("**Growth Share Awards**"),

(together the "**LTIP Share Incentive Awards**").

4.2.2 Eligibility and Grants

Participation will be at the Remuneration Committee's discretion, and the Committee will determine when executives will be granted LTIP Share Incentive Awards and the extent of the grant subject to the terms set out below.

It is the current intention that Participants will be granted LTIP Share Incentive Awards as and when the Remuneration Committee deem it to be appropriate having regard to their incentivisation and retention policy. The Remuneration Committee may in due course adopt an annual grant policy and will apply appropriate annual grant limits.

4.2.3 Vesting of LTIP Share Incentive Awards

LTIP Share Incentive Awards shall in the normal course vest following the third anniversary of the date of grant (or following such longer period as the Remuneration Committee may determine prior to grant) subject to the continued employment of the award holder with the Company vesting will be on a proportional basis depending on the extent to which performance conditions determined by the Remuneration Committee have been satisfied.

On vesting:

- a Nil Cost Option will become exercisable over vested Shares for a period ending on the tenth anniversary of the date of grant;
- a Participant will become absolutely beneficially entitled to the vested Shares subject to a Conditional Award; and
- the vested shares subject to a Growth Share Award will be exchanged for an equivalent value of Shares in the Company.

4.2.4 Performance Conditions

LTIP Share Incentive Awards will be subject to challenging performance conditions determined by the Remuneration Committee on the occasion of every new grant.

4.2.5 Nil Cost Options Granted on Admission

For Nil Cost Options granted on Admission 50 per cent of the Shares under option will be subject to targets relating to absolute growth in share price and 50 per cent of the Shares under option will be subject to a growth in Adjusted EBITDA.

The share price targets may be achieved at any time from Admission and the Adjusted EBITDA targets will be measured over a period of three financial years.

4.2.6 Service Condition

LTIP Share Incentive Awards will not vest or become exercisable unless the holder has completed a minimum of three years' service with the Company from the date of grant and regardless whether or not any performance condition is met before the end of the service period, subject to the cessation conditions set out below.

4.2.7 Dividend Equivalents

The number of Shares subject to an LTIP Share Incentive Award may be increased to reflect any dividends declared by the Company from the date of grant until the date the LTIP Share Incentive Award vests or first becomes exercisable (as the case may be).

4.2.8 Cessation of Employment

If a Participant ceases to be employed by the Group by reason of his death, injury, ill-health, disability, the sale of a subsidiary or an underlying business or any other reason at the discretion of the Remuneration Committee (except gross misconduct) (such employees being referred to as “**good leavers**”), LTIP Share Incentive Awards shall become exercisable or vest (as the case may be) in the normal course, unless the Remuneration Committee permit earlier vesting or exercise.

The number of Shares subject to a good leaver’s LTIP Share Incentive Awards shall be subject to assessment of the relevant performance condition and pro-rated down to reflect the reduced minimum three year service period. Any element of an LTIP Share Incentive Award subject to an absolute share price target will lapse to the extent not vested one year following cessation if the target has not been met.

If a Participant ceases employment for any other reason prior to the LTIP Share Incentive Award vesting or becoming exercisable, it will lapse immediately.

If a Participant ceases employment for any other reason after the LTIP Share Incentive Award which is a Nil Cost Option has become exercisable, it will lapse 6 months following cessation or twelve months in the case of death.

All discretions in relation to any Directors who cease employment shall be exercised by the Remuneration Committee.

4.2.9 Malus and Clawback

In the event of any of the following:

- corporate failure or material errors or misstatement of results;
- information coming to light which, had it been known, would have affected the decision to grant the Share Incentive Award;
- material failure of risk management; or
- gross misconduct on the part of the Participant,

the Remuneration Committee may, in its discretion, reduce the number of Shares to which the LTIP Share Incentive Award relates or impose further conditions on such Share Incentive Award or where an LTIP Share Incentive Award has been settled, require the Participant to make payment to the Company in respect of some or all of the Shares released to him or transfer for nil consideration some or all of the Shares released to him or transfer for nil consideration some or all of those Shares to the Company.

4.2.10 Change of Control, Reconstruction or Winding up

In the event of a takeover, change of control or winding up of the Company (other than an internal reorganisation), LTIP Share Incentive Awards shall become exercisable or immediately vest (as the case may be) based on the extent to which the Remuneration Committee determines that the performance conditions have been met (taking into account, if appropriate, the shorter performance period) or would have been likely to be met at the end of the performance period. In addition, the number of shares subject to LTIP Share Incentive Awards shall be pro-rated to reflect the shorter service period unless the Remuneration Committee permits vesting to a greater extent.

4.2.11 Voting, Dividend and Other Rights

A Participant will have no voting rights or dividend rights in respect of a Share subject to an LTIP Share Incentive Award until the Participant’s name is entered onto the register of members in respect of such Share following exercise or vesting.

All LTIP Share Incentive Awards are non-transferrable and non-pensionable.

4.3 ESOP

4.3.1 Overview

The ESOP will provide equity incentives for all employees (including managers at senior and mid-tier level). All Options granted under the ESOP will have an exercise price which is not less than the market value of a Share on the date of grant.

The ESOP provides for the following types of Options:

- qualifying Options which meet the conditions of Schedule 4, ITEPA 2003 and therefore subject to certain conditions will be free of income tax and national insurance on exercise; and
- other Options which exceed the statutory limits applicable to qualifying Options and therefore do not meet the conditions of Schedule 4, ITEPA 2003.

4.3.2 *Eligibility and Grant*

All employees (including executive Directors) will receive grants of qualifying Options.

Senior and mid-tier managers will be eligible to be granted Options each year at the discretion of the Board which will take the form of qualifying Options up to the statutory limit of (£30,000 shares per optionholder measured at the date of grant) and other Options to the extent such limit is exceeded.

4.3.3 *Individual Limit for Annual Grants*

With the exception of Options granted on Admission, the market value of the Shares subject to Options granted to any participant in a financial year shall not exceed 200 per cent. of such participant's base salary or such higher limit the Board may approve in exceptional circumstances.

4.3.4 *Vesting and Exercise of Options*

An Option may only be exercised to the extent it has vested. An Option shall vest and become exercisable as to one third of its Shares on the first anniversary of the date of grant provided the Participant is still an employee of the Group (subject to the cessation of employment conditions set out below). The balance of the Shares subject an Option shall vest and become exercisable from the first anniversary at the end of each complete month of employment on a *pro rata* basis up to the third anniversary of the date of grant when an Option shall (provided that the Participant is still an employee) be fully vested.

4.3.5 *Cessation of Employment*

Upon cessation of employment, the following shall apply:

- in the event of gross misconduct an Option shall lapse in full whether vested or unvested;
- for any other reason (except death before the first anniversary of grant) the Option shall lapse to the extent it is not vested and can be exercised to the extent vested within 6 months of the date of cessation or twelve months in the case of death unless the Board in its discretion permits exercise to a greater extent;
- in the event of the employee's death occurring prior to the first anniversary of grant, the Option will vest and be exercisable on a pro-rated basis relating to the period of service and the three year vesting period.

All discretions in relation to any Directors who cease employment shall be exercised by the Remuneration Committee.

4.3.6 *Change of Control, Reconstruction or Winding up*

In the event of a takeover, change of control or winding up of the Company (other than an internal reorganisation), Options shall become exercisable in full regardless of whether the Option has vested.

4.3.7 *Voting, Dividend and Other Rights*

A Participant will have no voting rights or dividend rights in respect of a Share subject to an Option until the Participant's name is entered onto the register of members in respect of such Ordinary Share following exercise.

All Options are non-transferrable and non-pensionable.

4.4 **SAYE**

4.4.1 *Overview*

The Company may implement the SAYE after Admission. If adopted, it may be used to provide tax beneficial equity incentives on an "all-employee" basis and will be submitted to HMRC for its approval pursuant to Schedule 3 to ITEPA 2003.

4.4.2 *Eligibility*

Participation in the SAYE must be offered on similar terms to all UK resident employees and full time executive Directors of the Company as may be specified by the Board.

4.4.3 *Issue of Invitations*

The Board may in its absolute discretion, issue invitations to eligible employees to apply for the grant of options. Invitations may be issued during the period of 42 days following:

- the approval of the SAYE by HMRC or any amendment to it;
- the announcement of the Company's interim or final results for any period;
- the announcement of a new prospectus for certified sharesave savings arrangements approved by HMRC; or
- the announcement of amendments to be made to applicable sharesave legislation or the coming into force of such amendments.

Invitations may also be issued following a determination by the Board that exceptional circumstances have arisen which justify the issue of invitations outside the usual invitation periods.

If the Board receives applications for the grant of options over Ordinary Shares which in aggregate exceed the number of Ordinary Shares which has been made available for the purpose of that issue of invitations, the applications will be scaled down accordingly.

No payment is required for the grant of SAYE Share Incentive Awards.

4.4.4 *Savings Contract*

It is a condition of participation in the SAYE that an eligible employee enters into a savings contract under a "certified contractual savings scheme" (as defined in the relevant legislation) maturing after 3 or 5 years.

Shares subject to an option granted under the SAYE may be acquired only out of the proceeds due under the related savings contract. The number of Shares subject to an option is that number which, at the exercise price per Share under the option, may be acquired out of the expected proceeds of the related savings contract.

The minimum amount which an employee may save under a savings contract is £5 per month and the maximum is £250 per month.

4.4.5 *Exercise Price*

An SAYE Share Incentive Award will entitle the holder to acquire Shares at a price determined by the Board which may not be less than the higher of:

- 80 per cent. of the average closing middle market quotation of a Share for the three dealing days immediately preceding the day on which invitations to apply for the grant of options are issued; and
- the nominal value of a Share.

4.4.6 *Exercise of Options*

An SAYE Share Incentive Award may normally only be exercised during the six-month period following the third or fifth anniversary of the commencement of the related savings contract.

4.4.7 *Cessation of Employment*

An SAYE Share Incentive Award will normally lapse if the Participant is no longer employed with the Group.

However, an SAYE Share Incentive Award will be exercisable for a limited period in certain specified circumstances, such as a death, injury, disability, redundancy or retirement of the Participant or on the sale of the employing subsidiary or business.

4.4.8 *Change of Control, Reconstruction or Winding-up*

Special provisions allow early exercise of an option in the event of a change in control, reconstruction or winding-up of the Company. Alternatively, SAYE Share Incentive Awards may, by agreement with the acquiring company, be rolled over into equivalent options over shares in the acquiring company.

4.5 Employee Benefit Trust (“Trust”)

The Company may following Admission establish a Trust which will be an employee share scheme and can be used to satisfy awards under the Share Incentive Awards Plans and any other employee share scheme established by the Company.

The Trust will be resident outside the UK and administered by the trustee. The Trust will be a discretionary trust whose beneficiaries are the employees and executive directors (and former employees and executive directors) of the Group, and their spouses, civil partners, widows, widowers, children and step-children under the age of 18.

The Trust will have the power (*inter alia*) to acquire Shares in any Company, grant options over Shares to beneficiaries, and transfer Shares to beneficiaries to enable them to acquire Shares. However, the Trust will not be able to hold more than 5 per cent. of the issued share capital of the Company at any time when it is listed, unless authorised to do so by the Company in a general meeting.

The Trust will be funded by contributions or loans from the Company.

The Trust will waive its right to dividends and to vote in respect of any Shares held in the Trust unless otherwise requested by the Company.

5. ARTICLES OF ASSOCIATION

The Articles contain provisions, *inter alia*, to the following effect:

5.1 Objects/purposes

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

5.2 Voting rights

5.2.1 Subject to the provisions of the Act, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting, every member holding Ordinary Shares who is present in person (or, being a corporation, by representative) or by proxy shall, on a show of hands, have one vote and every member holding Ordinary Shares present in person (or, being a corporation, by representative) or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or vest all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

5.2.2 Unless the Board otherwise determines, no member shall be entitled to receive any dividends or be present and vote at a general meeting or a separate general meeting of the holders of any class of shares, either in person or (save as proxy for another member) by proxy, or be reckoned in a quorum, or to exercise any other right or privilege as a member in respect of a share held by him, unless and until he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by him to the Company or if he, or any other person whom the Company reasonably believes to be interested in such shares, has been issued with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days.

5.3 Dividends

5.3.1 Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

5.3.2 Subject to the provisions of the Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay

such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.

- 5.3.3 All dividends, interest or other sums payable and unclaimed for a period of twelve months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of twelve years after having become payable shall, if the Board so resolves, be forfeited and shall cease to remain owing by, and shall become the property of, the Company.
- 5.3.4 The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- 5.3.5 The Board may also, with the prior authority of an ordinary resolution of the Company and subject to the Articles and such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares of the same class, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- 5.3.6 Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld by the Company if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

5.4 Winding up

If the Company is wound up the liquidator may, with the sanction of a special resolution and any other sanction required by law and subject to the Act, divide among the Shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as he may with the like sanction determine, but no Shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

5.5 Transfer of shares

- 5.5.1 Subject to such of the restrictions in the Articles as may be applicable, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of members.
- 5.5.2 The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:
 - (a) it is in respect of a share which is fully paid up;
 - (b) it is in respect of only one class of shares;
 - (c) it is in favour of a single transferee or not more than four joint transferees;
 - (d) it is duly stamped (if so required); and
 - (e) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied (except in the case of (a) a transfer by a recognised person where

a certificate has not been issued (b) a transfer of an uncertificated share or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so, provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share in certificated form on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading. The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) and the relevant electronic system.

- 5.5.3 Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a *bona fide* sale to an unconnected party.
- 5.5.4 If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.
- 5.5.5 No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.
- 5.5.6 If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors would cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under Section 3(42) of ERISA or the US Code; or (ii) would or might result in the Company and/or its shares being required to register or qualify under the US Investment Company Act and/or the US Securities Act and/or the US Securities Exchange Act 1934 and/or any laws of any state of the US that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the US Securities Exchange Act 1934; or (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the US Code; or (v) creates a significant legal or regulatory issue for the Company under the US Bank Holding Company Act of 1956 (as amended from time to time) or regulations or interpretations thereunder, then any shares which the Directors decide are shares which are so held or beneficially owned ("**Prohibited Shares**") must be dealt with in accordance with paragraph 4.5(g) below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether or not the share is a Prohibited Share.
- 5.5.7 The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of shareholder and those rights will vest in the chairman of any such

meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with within 21 days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company's costs of sale and together with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).

- 5.5.8 Upon transfer of a share the transferee of such share shall be deemed to have represented and warranted to the Company that such transferee is acquiring shares in an offshore transaction meeting the requirements of Regulation S and is not, nor is acting on behalf of: (i) a benefit plan investor and no portion of the assets used by such transferee to acquire or hold an interest in such share constitutes or will be treated as "plan assets" of any benefit plan investor under Section 3(42) of ERISA; and/or (ii) a US Person.

5.6 Variation of rights

- 5.6.1 If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time-to-time be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class duly convened and held in accordance with the Act.

- 5.6.2 The quorum at every such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.

5.7 Alteration of share capital

The Company may, from time to time, by ordinary resolution:

- 5.7.1 authorise the Directors to increase its share capital by allotting new shares;
- 5.7.2 consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares;
- 5.7.3 subject to the provisions of the Act, sub-divide its shares or any of them, into shares of smaller nominal amount and may by such resolution determine that, as between the shares resulting from such a sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions, as the Company has power to attach to new shares; and
- 5.7.4 redenominate its share capital by converting shares from having a fixed nominal value in one currency to having a fixed nominal value in another currency.

5.8 General meetings

- 5.8.1 The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.
- 5.8.2 A general meeting shall be convened by such notice as may be required by law from time to time.
- 5.8.3 The notice of any general meeting shall include such statements as are required by the Act and shall in any event specify:
- (a) whether the meeting is convened as an annual general meeting or any other general meeting;
 - (b) the place, the day, and the time of the meeting;
 - (c) the general nature of the business to be transacted at the meeting;

- (d) if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such; and
 - (e) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share held by the member) more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member.
- 5.8.4 The notice shall be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of either by, any person entitled to receive the same, shall not invalidate the proceedings at that meeting.
- 5.8.5 The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Act or the Articles to be made available at the meeting.
- 5.8.6 A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairman of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.
- 5.8.7 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member so entitled or a proxy for a member so entitled or a duly authorised representative of a corporation which is a member so entitled, shall be a quorum. If, at any time, there is only one person entitled to attend and to vote on the business to be transacted, such person being the sole member so entitled or a proxy for such sole member so entitled or a duly authorised representative of a corporation which is such sole member so entitled, shall be a quorum. The Chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.
- 5.8.8 A resolution put to a vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded by:
- (a) the chairman of the meeting;
 - (b) at least five members having the right to vote on the resolution;
 - (c) a member or members representing not less than five per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or
 - (d) member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).

5.9 Borrowing powers

Subject to the provisions of the Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

5.10 Issue of shares

5.10.1 Subject to the provisions of the Act, and to any relevant authority of the Company required by the Act, the Board may allot, grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, at such times and generally on such terms and conditions as the Board may decide, provided that no share shall be issued at a discount.

5.10.2 Subject to the provisions of the Act and to any rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time-to-time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.

5.10.3 The business of the Company shall be managed by the Directors who, subject to the provisions of the Act, the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company, whether relating to the management of the business or not. Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

5.11 Directors' fees

5.11.1 The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time-to-time determine (not exceeding in aggregate £300,000 per annum or such other sum as the Company in general meeting shall from time-to-time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day-to-day.

5.11.2 The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

5.12 Directors' interests

5.12.1 The Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach by a Director of his duty to avoid conflicts of interest under the Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company (including the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.

5.12.2 Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the

Company and in respect of which he has a duty of confidentiality to another person. In particular, a Director shall not be in breach of the general duties he owes to the Company under the Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.

5.12.3 Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Act, a Director, notwithstanding his office:

- (a) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may hold any other office or place of profit under the Company (except that of auditor of the Company or any of its subsidiaries);
- (c) may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
- (d) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
- (e) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction or arrangement or from any interest in any body corporate. No such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty under the Act or under the law not to accept benefits from third parties.

5.12.4 A Director need not declare an interest in the case of a transaction or arrangement with the Company if the other Directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Directors or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.

5.13 Restrictions on Directors voting

5.13.1 A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:

- (a) any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;
- (b) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
- (c) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- (d) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
- (e) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (f) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Act) in one per cent. or more of the issued equity share capital of any class of such body corporate (calculated exclusively of any shares of that class in that company held as treasury shares) nor to his knowledge holds one per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure and Transparency Rules) in such body corporate;
- (g) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- (h) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;
- (i) any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure; or
- (j) any transaction or arrangement in respect of which his interest, or the interest of Directors generally has been authorised by ordinary resolution.

5.13.2 A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

5.14 Number of Directors

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors (other than alternate Directors) shall be not less than two and the number is not subject to a maximum.

5.15 Directors' appointment and retirement

5.15.1 Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director shall hold office only until the next annual general meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation.

5.15.2 At each annual general meeting of the Company, any Directors appointed by the Board since the last annual general meeting shall retire. In addition one-third of the remaining Directors or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire from office by rotation. If there are fewer than three such Directors, one Director shall retire from office.

5.15.3 At each annual general meeting, any Director who was last elected or last re-elected at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation. If the number of Directors so retiring is less than the minimum number of Directors who are required to retire by rotation, additional Directors up to that number shall retire (namely, those Directors who are subject to rotation but who wish to retire and not offer themselves for re-election and those Directors who have been Directors longest since their appointment or last reappointment (and, as between those who have been in office an equal length of time, those to retire shall, unless they otherwise agree, be determined by lot)).

5.15.4 Any Director who would not otherwise be required to retire shall also retire if he has been with the Company for a continuous period of nine years or more at the date of the meeting and shall not be taken into account when deciding which and how many Directors should retire by rotation at the annual general meeting.

5.16 Notice requiring disclosure of interest in shares

5.16.1 The Company may, by notice in writing, require a person whom the Company knows to be, or has reasonable cause to believe is interested in any shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.

5.16.2 If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the Shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "**default shares**") the Shareholder shall not be entitled to vote in general meetings or class meetings where the default shares represent at least 0.25 per cent. In nominal value of the class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

5.17 Untraced shareholders

Subject to the Articles, the Company may sell any shares registered in the name of a member remaining untraced for twelve years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

5.18 Indemnity of officers

Subject to the provisions of the Act, but without prejudice to any indemnity to which he may otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, or as a trustee of an occupational pension scheme (as defined in Section 235(6) of the Act). In addition the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

6. OTHER RELEVANT LAWS AND REGULATIONS

6.1 *Disclosure of interests in shares*

A shareholder of a company admitted to trading on AIM is required, pursuant to AIM Rule 17, to notify the company where he holds (directly or indirectly) an interest of 3 per cent. or more of the company's total voting shares, or if the percentage of voting rights which he holds as a shareholder or through his direct or indirect holding of financial instruments reaches, exceeds or falls below certain thresholds.

6.2 *Takeovers*

6.2.1 *Mandatory bid*

The City Code, which is issued and administered by the Takeover Panel, applies to the Company. Under Rule 9 of the City Code, when:

- a any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company subject to the City Code; or
- b any person, together with persons acting in concert with him, is interested in shares which in the 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 such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested,

such a person is normally required to make a general offer in cash to all the remaining holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

An offer under Rule 9 must be in cash and at the highest price paid by the person required to make the offer, or any persons acting in concert with him, for any interest in shares in the company during the 12 months preceding the date of announcement of such offer.

6.2.2 *Compulsory acquisition*

Under Sections 974 to 991 of the Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to Section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises its rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

6.2.3 The Company has not been the subject of any public takeover bid by third parties during the last financial year, nor any such bids following the end of the last financial year.

7. CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Shares are eligible for settlement in CREST in accordance with the CREST Regulations. The Company has applied for the Enlarged Share Capital to be admitted to CREST.

8. DIRECTORS' AND OTHER INTERESTS

8.1 The Directors and each of their respective functions are set out in paragraph 11 of Part I of this Document.

8.2 The business address of the Directors is Codemasters Campus, Stoneythorpe, Southam, Warwickshire CV47 2DL.

8.3 Details of the length of services of each of the Directors to date in their current office are set out below:

<i>Name</i>	<i>Age</i>	<i>Commencement date in Office</i>
Frank Sagnier	55	1 June 2015
Rashid Varachia	46	27 July 2016
Gerhard Florin	59	25 May 2018
Ian Gomes	60	25 May 2018
Shibasish Sarkar	46	14 June 2012

8.4 The interests of the Directors and Management (including the interests of their spouses and infant children and the interests of any persons connected with them within the meaning of sections 252 to 255 and 820 to 825 of the Act), all of which are beneficial, in the issued shares of the Company, as at the date of publication of this Document and as they are expected to be immediately following completion of the Placing and Admission are as follows:

<i>Name</i>	<i>As at the date of this Document</i>		<i>Following the Placing and Admission</i>	
	<i>Shares</i>	<i>% of Existing</i>	<i>Shares</i>	<i>% of Enlarged Share Capital</i>
Frank Sagnier	6,161,250	4.65	3,696,750	2.64
Rashid Varachia	2,782,500	2.10	1,669,500	1.19
Gerhard Florin	Nil	Nil	Nil	Nil
Ian Gomes	Nil	Nil	Nil	Nil
Shibasish Sarkar	Nil	Nil	Nil	Nil
Ian Hocking	1,722,500	1.30	1,033,500	0.74
Jonathan Bunney	1,921,250	1.45	1,152,750	0.82

8.5 Details of Share Incentive Awards that have been granted to Directors and to Management are set out in paragraph 3.13 above.

8.6 Save as disclosed in paragraphs 8.4 and 8.5 above, none of the Directors has any interests in the issued shares of the Company or any of its subsidiaries nor does any person connected with the Directors (within the meaning of Sections 820 to 825 of the Act) have any such interests, whether beneficial or non-beneficial.

- 8.7 In addition to their directorships in the Company, the Directors have held the following directorships and/or been a partner in the following partnerships within the five year period prior to the date of this Document:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Frank Sagnier	Codemasters Development Company Limited Codemasters Group Limited Codemasters Holdings Limited Codemasters Limited Codemasters (Malta) Limited Codemasters Studios Sdn Bhd The Codemasters Software Company Limited CSC1 Limited CSC3 Limited Digital Computers Limited Sensible Limited	IsCool Entertainment SA Codemasters USA Group, Inc. Codemasters Inc.
Rashid Varachia	Codemasters Development Company Limited Codemasters Group Limited Codemasters Holdings Limited Codemasters Limited Codemasters (Malta) Limited Codemasters Studios Sdn Bhd The Codemasters Software Company Limited CSC1 Limited CSC3 Limited Digital Computers Limited Finchall Associates Limited Sensible Limited	Codemasters USA Group, Inc. Codemasters Inc.
Gerhard Florin	InnoGames GmbH G. Florin Consulting GmbH Kobojo SAS Modern Times Group MTG AB	Funcom NV King Digital Entertainment Plc Tipico Co. Limited
Ian Gomes	MOP Limited Gomes Consulting (FZE) Wyelands Bank Plc Wyelands Holdings Limited	KPMG Lower Gulf Limited GIP Advisors Limited
Shibasish Sarkar	The Codemasters Software Company Limited Phantom Films Private Limited Talenthouse Entertainment Private Limited Reliance Interactive Advisors Private Limited Reliance Big News Private Limited Zapak Mobile Games Private Limited Big Synergy Media Limited Big Animation (India) Private Limited Big Flicks Private Limited Zapak Digital Entertainment Limited Global Cinemas LLP	Reliance Big Entertainment Private Limited

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
	Plan C Studios LLP	
	Funongo Media & Entertainment LLP	
	Rohit Shetty Picturez LLP	
	Entropy Digital LLP	
	Y-Not Films LLP	
	Motion Picture Capital Limited	

8.8 Save as disclosed in paragraph 8.9 and 8.10 below, no Director:

- 8.8.1 has any unspent convictions in relation to indictable offences; or
 - 8.8.2 has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such director; or has been a director of any company which, while he or she was a director or within 12 months after he or she ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its credits generally or with any class of its creditors; or
 - 8.8.3 has been a partner of any partnership which, while he or she was a partner or within 12 months after he or she ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
 - 8.8.4 has been a partner of any partnership which, while he or she was a partner or within 12 months after he or she ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
 - 8.8.5 has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
 - 8.8.6 has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 8.9 Gerhard Florin is currently a director of Kobojo SAS, an entity incorporated in France, which is currently in the process of being liquidated through compulsory liquidation proceedings (commenced on 20 April 2017 in France).
- 8.10 Whilst Gerhard Florin was a director of King Digital Entertainment plc (“**King**”), a US class action was brought in 2015 against the company, its directors (including Gerhard Florin) and the investment banks that underwrote King’s IPO on the New York Stock Exchange. The claim alleged that the Securities Act was violated through the misrepresentation and omission of material facts in King’s Registration Statement in connection with King’s IPO on 26 March 2014. A court approved settlement was reached in June 2017.

- 8.11 Save as disclosed in paragraph 8.4 above, and as set out below, the Directors are not aware of any person who, directly or indirectly, had an interest in 3 per cent. or more of the voting rights of the Company which is notifiable to the Company under AIM Rule 17 as at the date of the publication of this Document and immediately following completion of the Placing and Admission:

<i>Name</i>	<i>As at the date of this Document</i>		<i>Following the Placing and Admission</i>	
	<i>Shares</i>	<i>per cent.</i>	<i>Shares</i>	<i>per cent.</i>
Reliance	119,880,904	90.5	39,915,904	28.5
Marlborough Fund Managers Limited	Nil	Nil	7,725,000	5.5
Slater Investments Limited	Nil	Nil	7,500,000	5.4
Sand Grove Capital Management LLP	Nil	Nil	7,000,000	5.0
Old Mutual Global Investors (UK) Limited	Nil	Nil	5,887,140	4.2
Canaccord Genuity Limited ¹	Nil	Nil	5,407,500	3.9
Henderson Global Investors Limited	Nil	Nil	4,500,000	3.2

¹ Beneficial owner is Swedbank Robur Fonder AB

- 8.12 The voting rights of the persons listed in paragraph 8.11 above do not differ from the voting rights of other Shareholders.
- 8.13 Save as disclosed in this Document, no Director or any member of a Director's family has a related financial product referenced to the Shares.
- 8.14 There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.
- 8.15 Save as disclosed in this Document, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.
- 8.16 There are no outstanding loans or guarantees provided by the Company or the Group or to or for the benefit of the Directors.

9. DIRECTORS' SERVICE AGREEMENTS AND TERMS OF OFFICE

- 9.1 The following service agreements and appointment letters have been entered into by the Company and the Directors:
- 9.1.1 Frank Sagnier has entered into a service agreement with the Company as its Chief Executive Officer from the date of and conditional on Admission subject to termination upon 12 months' notice by either party. The agreement provides for an annual salary of £330,165 per annum, to be paid monthly in arrears, which is subject to annual review. The service agreement also provides for the payment of a discretionary bonus on such conditions as the Remuneration Committee and the Board may determine. Other benefits include 29 days' paid holiday per annum, car allowance, eligibility to participate in any staff incentive schemes of the Company and the reimbursement of all expenses reasonably incurred in the proper performance of responsibilities.
- 9.1.2 Rashid Varachia has entered into a service agreement with the Company as its Chief Financial Officer from the date of and conditional on Admission, subject to termination upon 6 months' notice by either party. The agreement provides for an annual salary of £231,116 per annum, to be paid monthly in arrears, which is subject to annual review. The service agreement also provides for the payment of a discretionary bonus on such conditions as the Remuneration Committee and the Board may determine. Other benefits include 29 days' paid holiday per

annum, car allowance, eligibility to participate in any staff incentive schemes of the Company and the reimbursement of all expenses reasonably incurred in the proper performance of his responsibilities.

9.1.3 The services of each of Gerhard Florin and Ian Gomes as Non-Executive Directors of the Company are provided under the terms of letters of appointment between each of themselves (and, in the case of Gerhard Florin, also G Florin Consulting GmbH which provides Gerhard Florin's services) and the Company for an initial period of three years subject to the Articles from 25 May 2018, subject to termination by either party giving to the other 3 months' written notice. Gerhard Florin shall be paid an annual fee of £45,000 as Non-Executive Chairman of the Company in addition to £5,000 for each committee of which he is chairman and Ian Gomes shall be paid an annual fee of £40,000 as Non-Executive Director in addition to £5,000 for each committee of which he is chairman. Each of Gerhard Florin and Ian Gomes shall be paid in equal instalments monthly in arrears, is eligible to participate in any staff incentive schemes of the Company and shall be reimbursed all expenses reasonably incurred in the proper performance of his responsibilities.

9.1.4 The services of Shibasish Sarkar as a Non-Executive Director of the Company are provided under the terms of a letter of appointment with the Company for an initial period of three years subject to the Articles from 25 May 2018, subject to termination by either party giving to the other 3 months' written notice. Shibasish Sarkar will not be paid a fee by the Company as he is a member of the Board as a Reliance nominated director however shall be reimbursed all expenses reasonably incurred in the proper performance of his responsibilities.

9.1.5 Save as set out in paragraphs 9.1.1 to 9.1.4, above, there are no service agreements in existence between any of the Directors and the Company or any of its subsidiaries providing for benefits upon termination of employment.

10. EMPLOYEES

10.1 Details of the number of the Group's employees for the period covered by the financial information as set out in Part III are as follows:

<i>Period</i>	<i>Average monthly number of employees during financial year</i>
Financial year ended 31 March 2016	406
Financial year ended 31 March 2017	462
Financial year ended 31 March 2018	465
As at the date of this Document	510

11. DIVIDENDS

Details of the amount of dividend per Share for the period covered by the financial information as set out in Part III are as follows:

<i>Period</i>	<i>Amount</i>
Financial year ended 31 March 2016	£nil
Financial year ended 31 March 2017	£nil
Financial year ended 31 March 2018	£nil

12. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or its subsidiaries during the two years preceding the date of this Document and are or may be material or which contain any provision under which any member of the Group has an obligation or entitlement which is material to the Group at the date of this Document:

12.1 Placing Agreement

A placing agreement dated 29 May 2018 between the Company (1); the Directors (2); Reliance (3) Management (4); and Liberum (5), pursuant to which Liberum has agreed to use its reasonable endeavours to procure subscribers and purchasers for the 7,500,000 New Shares and the 85,000,000 Sale Shares (as agent respectively for the Company and Selling Shareholders) at the Placing Price. The Placing Agreement is conditional, *inter alia*, upon Admission taking place on or before 1 June 2018 or such later date as the Company and Liberum may agree but in any event not later than 15 June 2018. The Placing has not been underwritten by Liberum.

The Placing Agreement provides for the Company to pay all expenses of and incidental to the Placing and the application for Admission, including the reasonably and properly incurred fees and costs of other professional advisers, all costs relating to the Placing, including printing, advertising and distribution charges, the fees of the Registrars and the fees payable to the London Stock Exchange. The Company has also agreed to pay to Liberum a commission on the aggregate value of the New Shares issued pursuant to the Placing Price. The Selling Shareholders have agreed to pay Liberum a commission on the aggregate value of the Sale Shares at the Placing Price. The Placing Agreement contains warranties given by the Company, the Directors, Management and Reliance and indemnities given by the Company and Reliance, in favour of Liberum.

Liberum may terminate the Placing Agreement in specified circumstances prior to Admission, including in the event of a breach of the Placing Agreement or any of the warranties contained in it, if there has been or is reasonably likely to be a material adverse change in the Group or where any change of national or international, financial, monetary, economic, political or market conditions would in the opinion of Liberum be likely to be materially prejudicial to the Placing.

The following table contains details of the Selling Shareholders and the Sale Shares to be sold by the Selling Shareholders pursuant to the Placing:

<i>Name</i>	<i>Business Address</i>	<i>Number of Shares</i>	<i>Position, office or material relationship with the Group during the past three years</i>
Reliance	163A Telok Ayer Street, 068616, Singapore	79,965,000	Majority shareholder
Frank Sagnier	Codemasters Campus, Stoneythorpe, Southam, Warwickshire CV47 2DL	2,464,500	Chief Executive Officer
Rashid Varachia	Codemasters Campus, Stoneythorpe, Southam, Warwickshire CV47 2DL	1,113,000	Chief Financial Officer
Jonathan Bunney	Codemasters Campus, Stoneythorpe, Southam, Warwickshire CV47 2DL	768,500	VP Publishing
Ian Hocking	Codemasters Campus, Stoneythorpe, Southam, Warwickshire CV47 2DL	689,000	VP Product Development

The Placing Agreement is governed by the laws of England and Wales.

12.2 Nomad and Broker Appointment Letter

A nomad and broker appointment letter dated 25 January 2018 from Liberum to the Company pursuant to which the Company has appointed Liberum to act as nominated adviser and broker to the Company in connection with Admission and continuing following Admission.

The nomad and broker appointment letter contains certain undertakings, warranties and indemnities to be given to Liberum which are customary for an agreement of this nature. Liberum's appointment as nominated adviser following Admission is terminable on not less than 1 month's prior written notice by the Company or Liberum.

The letter is governed by the laws of England and Wales.

12.3 Registrar Agreement

The Registrar Agreement dated 14 May 2018 between the Company and the Registrar pursuant to which the Registrar has agreed to act as registrar to the Company.

Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee per Shareholder account per annum, subject to a minimum fee. The fee is subject to increase in line with the Retail Prices Index. The Registrar is also entitled to activity fees under the Registrar Agreement.

The Registrar Agreement is for an initial term of three years, after which it shall automatically renew for successive periods of 12 months and it may be terminated on six months' notice, such notice not to expire prior to the end of the third year of appointment or the end of such successive 12 month period (as applicable). The Registrar Agreement is also terminable on written notice in the event of, *inter alia*, breach of the agreement (which has not been remedied within 45 days' written notice of such breach) or insolvency.

The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement. The Registrar's liability under the Registrar Agreement is subject to a cap.

The Registrar Agreement is governed by the laws of England and Wales.

12.4 Director and Management Lock-in Agreement

Each of the Executive Directors and the Management (each a "**Locked-in Person**") have entered into a lock-in and orderly market agreement with Liberum and the Company, pursuant to the terms of which each Locked-in Person has covenanted that they will not and will procure that their connected persons (as defined therein) will not dispose of (i) any of the Shares held by them and their connected persons at Admission, or any Shares subsequently acquired or issued to them for a period of 12 months from Admission or (ii) 50 per cent. of the Shares held by each Locked-in Person and their connected persons at Admission during the period from the date which is 12 months from Admission up to and including the date which is 24 months from Admission, in each case except in certain limited circumstances (including, *inter alia*, upon the death of the Locked-in Person, acceptance of a takeover offer, or pursuant to an intervening court order).

For the period from 12 months to 24 months after Admission each Locked-in Person has also agreed that (except in certain limited circumstances), he (and his connected persons) will only sell such Shares, which are no longer subject to the lock-in arrangements described above, through Liberum (or any future broker engaged by the Company). Additionally, for the period from 24 months to 36 months after Admission each Locked-in Person has agreed that once all such Shares are no longer subject to the lock-in (except in certain limited circumstances), he will only sell 50 per cent. of the Shares held by him or and his connected persons on Admission through Liberum (or any future broker engaged by the Company).

The agreement is governed by the laws of England and Wales.

12.5 Reliance Lock-in Agreement

Reliance has entered into a lock-in and orderly market agreement with the Company and Liberum, pursuant to the terms of which Reliance has covenanted that it will not dispose of any of the Shares held by it at Admission, or subsequently acquired or issued for a period of 12 months from Admission, except in certain limited circumstances (including, *inter alia*, acceptance of a takeover offer, a disposal to an associate of Reliance or pursuant to an intervening court order). No disposal of such Shares may be made to any associate of Reliance unless such associate enters into a deed of adherence agreeing to be bound by the terms of the Reliance Lock-in Agreement.

For the period from 12 months to 24 months after Admission, Reliance has also agreed that (except in certain limited circumstances), it will only sell such Shares through Liberum only (or any future broker engaged by the Company).

The agreement is governed by the laws of England and Wales.

12.6 Relationship Agreement

A Relationship Agreement dated 29 May 2018 and made between the Company and Reliance to regulate the relationship between the Company and Reliance after Admission. The Relationship Agreement, which provides for the Company to carry on its business independently of Reliance, will take effect on Admission and will be binding on Reliance until it ceases, directly or indirectly, to exercise control over at least 20 per cent. of the voting rights in respect of the entire issued share capital of the Company. Pursuant to the Relationship Agreement, Reliance also undertakes, amongst other things, that it will (and, in relation to its associates, will procure that each of its associates will) by the exercise of its voting rights procure that: (i) all transactions, agreements and arrangements with the Group on an arm's length basis and on normal commercial terms; (ii) (except in certain limited circumstances) any Director nominated by it to the Board shall not vote on any matter relating to the entry into, termination or variation contract or arrangement between it and any member of the Group and (iii) the Company carries on its business independently of Reliance.

Under the Relationship Agreement Reliance will have the power, for so long as it directly or indirectly exercises control over at least 20 per cent. of the voting rights in respect of the entire issued share capital of the Company, to appoint a Director as its representative on the Board (and the right to appoint an additional Director to the Board for each independent non-executive Director appointed to the Board in excess of two).

The Relationship Agreement is governed by the laws of England and Wales.

12.7 F1 Licence Agreement

CSCL, an indirect subsidiary of the Company, entered into an agreement on 23 August 2017 with Formula One World Championship Limited (the "**F1 Licence Agreement**") to acquire rights to produce and distribute interactive video games relating to the 2019 – 2021 FIA Formula One World Championships. The agreement also amends the existing agreements between the parties and its term expires on 31 December 2023.

Pursuant to the F1 Licence Agreement, CSCL has the right to produce and distribute three licensed games per Formula One World Championship, being nine in total across the three years. CSCL is required to pay a minimum guarantee to Formula One World Championship Limited (which varies according to the respective F1 title year), plus a royalty fee on game revenues if royalties exceed the minimum guarantee.

Under the F1 Licence Agreement, CSCL provides warranties to Formula One World Championship Limited in relation to, amongst other things, (i) the authorisations, promotion, maintenance of product liability insurance and use of driver information all in respect of the licensed products produced by CSCL; (ii) payments it is required to make under the licence agreement; and (iii) the entry into of any agreement which conflicts with the terms of the licence agreement. CSCL also indemnifies Formula One World Championship Limited in respect of any claims, losses or expenses arising out of the breach or non-performance of the licence agreement or third party intellectual property infringement by CSCL.

The F1 Licence Agreement is governed by the laws of England and Wales.

12.8 Koch Media GmbH Co-Publishing and Distribution Agreement

CSCL entered into a co-publishing and distribution agreement with Koch Media GmbH ("**Koch Media**") dated 21 October 2015, which has been subject to five further supplemental agreements, the fifth supplemental agreement was entered into on 22 November 2017 (the "**Koch Agreements**"). The Koch Agreements are for the manufacturing, distribution and publishing of certain of the Group's games. The Company also became a party to these agreements from execution of the third supplemental agreement.

Pursuant to the Koch Agreements, Koch Media is granted exclusive rights to manufacture, distribute, sell, lease, market and promote game titles in certain territories (being Europe, Middle East, Africa, Russia, North and South America), and in specified formats. Koch Media also makes recoupable advances to the Group based on game development milestones. The Koch Agreements are applicable to titles from Codemasters' "F1", "DiRT", "GRID" and "ONRUSH" franchises amongst others. From the release of "ONRUSH" onwards the terms of the Koch Agreements will only apply to the Group's packaged goods.

Pursuant to the terms of the Koch Agreements, Koch Media pays a recoupable advance to the Group based upon stages of product completion. Once the advance is repaid, income is paid to the Group less certain deductions including applicable royalties and distribution fees, the details of which vary depending upon the product and the territory.

Under the Koch Agreements, CSCL provides warranties to Koch Media in relation to, amongst other things, the production and manufacture of Codemasters' titles, in particular that it has not infringed any third party rights in respect of the titles under the agreements, nor has it granted any rights to such titles which would interfere with the rights granted under the agreement.

The Koch Agreements continue in respect of each individual title for a period of 24 months from the first commercial release of such title in the relevant territory, as well as for an additional 12 month exclusive sell-off period.

Each of the Koch Agreements is governed by the laws of Austria.

12.9 **SUBOR Licensing Agreement**

CSCL entered into a licensing agreement and associated amendment with Zhuhai SUBOR Advanced Technology Co. Ltd Shanghai Branch ("**SUBOR**") dated 9 October 2017 and 3 November 2017, respectively (the "**SUBOR Agreement**").

The SUBOR Agreement relates to the ONRUSH game and associated downloadable content, patches, bonus content and title variations. Pursuant to the terms of the SUBOR Agreement, CSCL has granted a licence to SUBOR to publish and distribute ONRUSH within Greater China (including mainland China, Hong Kong, Macau and Taiwan, China) on its home entertainment hardware platform and other platforms.

SUBOR has agreed to pay to CSCL recoupable minimum guarantees which are structured as advance payments of royalties against SUBOR's net receipts arising out of the sale of the ONRUSH game in Greater China.

The term commenced on 9 October 2017 and, subject to early termination rights, shall continue in force until 31 December 2023.

The agreement is governed by the laws of Hong Kong and subject to the non-exclusive jurisdiction of the Hong Kong courts.

12.10 **Share purchase agreement in respect of Class 2B Ordinary Shares**

Pursuant to an agreement dated 15 May 2018 made between Computershare Trustees (Jersey) Limited (previously known as EES Trustees International Limited) (the "**Trustee**") (1) Anthony Williams ("**AW**") (2) Reliance (3) the Company (4) and Codemasters Group Limited ("**CGL**") (5), Reliance acquired 139,745,346 Class 2B Ordinary Shares of £0.0001 each in the Company from the Trustee and AW, CGL agreed to write off certain loans made to the Trustee and AW and the Company and CGL agreed to indemnify the Trustee and AW against any liability to tax and related reasonable costs and expenses that either of them may incur as a result of the write off by CGL of such loans.

The agreement is governed by the laws of England and Wales.

13. RELATED PARTY TRANSACTIONS

Save as otherwise described in Notes 21 and 31 to the historical financial information of the Company set out in Section A of Part III, the indemnity agreements described in paragraph 3.2 above and this paragraph 13, the Company has not entered into any related party transaction at any time during the period covered by the historical financial information set out in Section A of Part III to the date of this Document.

- 13.1 Between 29 May 2012 and 3 April 2017, Reliance entered into a series of loan agreements with the Group whereby it loaned the Group an aggregate amount of £72,158,422.82. On 16 May 2018, the accrued interest on a loan of \$1,562,500 owed by CSCL to Reliance was released by Reliance (the “**CSCL Loan**”). On 16 May 2018, the CSCL Loan was novated to the Company in consideration for the issue of a promissory note from CSCL to the Company and in an amount which was the Sterling equivalent of the US\$ amount of the CSCL Loan. On 17 May 2018 Reliance released the Company from all accrued interest on a number of existing loans payable by the Company to Reliance. On 17 May 2018, Reliance released the Company from the aggregate principal loan amount of £68,522,884.09 outstanding under certain loans between them in consideration for the issuance by the Company to Reliance of 685,228,840,900 Class 1 Ordinary Shares of £0.0001 each in the capital of the Company. The effect of the release and share issuance was that the aggregate principal amount of the loans subsequently payable by the Company to Reliance was reduced to US\$5,000,000, which has since been repaid by the Company in full.
- 13.2 By an agreement dated 16 May 2018 made between Reliance (1) and the Company (2), Reliance transferred 23,333 ordinary shares in Codemasters Studios Sdn Bhd to the Company in consideration for the allotment and issue of 10,000 Class 1 Ordinary Shares of £0.0001 each in the capital of the Company credited as fully paid to Reliance.
- 13.3 By an agreement dated 16 May 2018 made between Reliance (1) and the Company (2), Reliance transferred 333 ordinary shares of £1 each in CSCL to the Company in consideration for the allotment and issue of 150,000,000,000 Class 1 Ordinary Shares of £0.0001 each in the capital of the Company credited as fully paid to Reliance.

14. PREMISES

The Group has a proprietary property interest in the Codemasters Campus in Stoneythorpe, Southam, Warwickshire. The campus is approximately 38 acres and is formed of three freehold titles and one leasehold title.

15. LITIGATION

There are no, and during the 12 month period prior to the date of this Document there have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the Company’s or the Group’s financial position or profitability.

16. WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry and taking into account the net proceeds of the Placing of the New Shares receivable by the Company, the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

17. NO SIGNIFICANT CHANGE

Save as disclosed in this Document, there has been no significant change in the financial or trading position of the Group since 31 March 2018, being the latest date to which the historical financial information set out in Section A of Part III of this Document was prepared.

18. CONSENTS

- 18.1 Grant Thornton UK LLP is a limited liability partnership registered in England and Wales with registered number OC307742 and having its registered office at 30 Finsbury Square, London, England, EC2A 1AG. Grant Thornton UK LLP has given and has not withdrawn its written consent to the inclusion in this Document of its accountant's report set out in Section B of Part III of this Document in the form and context in which it appears and has accepted responsibility for its accountant's report. Grant Thornton UK LLP is a member of, and is regulated by, the Institute of Chartered Accountants in England and Wales.
- 18.2 Liberum Capital Limited is a private company limited by shares incorporated in England and Wales with registered number 05912554 and having its registered office at Ropemaker Place, Level 12, 25 Ropemaker Street, London, EC2Y 9LY. Liberum is authorised and regulated by the FCA. Liberum has given and not withdrawn its written consent to the issue of this Document and the references to it in the form and context in which such references are included.

19. GENERAL

- 19.1 Save as otherwise disclosed in this Document, there are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.
- 19.2 Save as set out in this Document, there are no investments in progress which are significant or any future investments upon which the Company or its management team have already made firm commitments.
- 19.3 The expenses of the Placing and Admission are estimated to be approximately £1.7 million, excluding VAT and are payable by the Company.
- 19.4 Except for fees payable to the professional advisers whose names are set out on pages 7 and 8 of this Document or payments to trade suppliers, and save as otherwise set out in this Document, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- 19.5 Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 19.6 Nagle James Associates Limited of 15 College Road, Harrow, Middlesex, HA1 1BA were the auditors of the Company for the financial year ended 31 March 2016. Malde & Co of 99 Kenton Road, Harrow, Middlesex, HA3 0AN were the auditors of the Company for the financial years ended 31 March 2017 and 31 March 2018.
- 19.7 Save as set out in Part I of this Document, there are not, in respect of any of the Company or its subsidiaries, any significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of this Document.
- 19.8 Save as set out in Part I of this Document, there are not, in respect of any of the Company or its subsidiaries, any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year of the Company.

20. AVAILABILITY OF ADMISSION DOCUMENT

Copies of this Document will be available free of charge to the public at the registered office of the Company at Codemasters Campus, Stoneythorpe, Southam, Warwickshire, CV47 2DL, and at the offices of Liberum at Ropemaker Place, Level 12, 25 Ropemaker Street, London EC2Y 9LY, during normal business hours on any weekday (Saturdays

and public holidays excepted) until the date falling one month after the date of Admission and also for download on the Company's website at www.codemasters.com in accordance with Rule 26 of the AIM Rules.

The date of this Document is 29 May 2018.

