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Prospective investors should read the whole of this document, the Scheme Document and the accompanying Form of Election sent to eligible Catalis Shareholders on or around the date of this document and any documents incorporated herein by reference. In particular, your attention is drawn to the factors described in the Risk Factors in Part 2 of this document.

Project Sword Topco Limited

Proposed issue of up to 2,521,762 New Topco Ordinary Shares and up to 249,835,365 New Topco Preferred Ordinary Shares in connection with the recommended acquisition of Catalis PLC to be effected by means of a scheme of arrangement under Part 26 of the Companies Act 2006

This document has been prepared to comply with the requirements of English law and the Code and information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of other jurisdictions outside England.

The New Topco Shares have not been and will not be registered under the relevant federal laws or laws of any state, province or territory of the United States (including the US Securities Act) or any Restricted Jurisdiction or under any securities laws of any state or other jurisdiction of the United States or any Restricted Jurisdiction and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, within any Restricted Jurisdiction or the United States. Accordingly, this document does not constitute an offer to sell, or solicitation of an offer to buy or to take up entitlements to New Topco Shares in the United States or in any Restricted Jurisdiction.

Investors should only rely on the information contained in this document, the Scheme Document, the Form of Election and the documents (or parts thereof) incorporated herein by reference. No person has been authorised to give any information or make any representations other than those contained in this document, the Scheme Document, the Form of Election and the documents (or

parts thereof) incorporated by reference herein and, if given or made, such information or representation must not be relied upon as having been so authorised by Topco, the Directors, the Proposed Directors, NorthEdge or GCA Altium. In particular, the contents of Catalis' and NorthEdge's websites do not form part of this document and investors should not rely on them. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Topco Group or the Catalis Group taken as a whole since the date of this document or that the information in it is correct as of any time after the date of this document.

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In making an investment decision, each investor must rely on their own examination and analysis of Topco and the terms of the Acquisition, including the merits and risks involved. Neither Topco nor GCA Altium, nor any of their respective representatives, is making any representation to any offeree or acquirer of New Topco Shares regarding the legality of an investment in the New Topco Shares by such offeree or acquirer under the laws applicable to such offeree or acquirer. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of an acquisition or purchase of the New Topco Shares.

Scheme Shareholders also acknowledge that: (i) they have not relied on GCA Altium or any person affiliated with GCA Altium in connection with any investigation of the accuracy of any information contained in this document or their investment decision; (ii) they have relied only on the information contained in this document; and (iii) that no person has been authorised to give any information or to make any representation concerning Topco or its subsidiaries or the New Topco 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 Topco or GCA Altium.

Persons who come into possession of this document should inform themselves about and observe any applicable restrictions and legal, exchange control or regulatory requirements in relation to the distribution of this document and the Acquisition. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

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Notice to Overseas Shareholders

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom to accept the Partial Cash and Unlisted Securities Alternative or to execute and deliver the Form of Election may be affected by the laws of the relevant jurisdictions in which they are located.

This document has been prepared for the purpose of complying with English law and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Unless otherwise determined by Topco or required by the City Code, and permitted by applicable law and regulation, the Partial Cash and Unlisted Securities Alternative will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws in that jurisdiction and no person may accept the Partial Cash and Unlisted Securities Alternative by any use, means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction including the United States or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction and the Partial Cash and Unlisted Securities Alternative may not be capable of acceptance by any such use, means, instrumentality or facilities. Accordingly, copies of this document and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction.

The availability of the Acquisition to Scheme Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements.

The Topco Shares have not been, and will not be, listed on any stock exchange.

Further details in relation to Scheme Shareholders in overseas jurisdictions are contained in the Scheme Document.

This document is dated 9 September 2019.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Expected time/date ⁽¹⁾
Latest time for lodging Forms of Proxy for the:	
• Court Meeting	5.00 p.m. on 27 September 2019 ⁽²⁾
• General Meeting	5.00 p.m. on 27 September 2019 ⁽³⁾
Scheme Voting Record Time	6.00 p.m. on 26 September 2019 ⁽⁴⁾
Court Meeting	10.00 a.m. on 30 September 2019 ⁽⁵⁾
General Meeting	10.10 a.m. on 30 September 2019 ⁽⁵⁾
Last date for lodging Forms of Election	1.00 p.m. on 1 October 2019
Last day for registration of Catalis Shares	7 October 2019
Court Hearing to sanction the Scheme	7 October 2019
Scheme Record Time	6.00 p.m. on 7 October 2019 ⁽⁵⁾
Effective Date of the Scheme	8 October 2019 ⁽⁵⁾
Latest date for despatch of cheques or for settlement through CREST	22 October 2019 ⁽⁵⁾
Latest date for dispatch of share certificates in respect of New Topco Shares	22 October 2019
Latest date by which Scheme must be implemented	31 December 2019 ⁽⁶⁾

Notes:

- (1) All times set out in this timetable refer to London time unless otherwise stated.
- (2) It is requested that the Forms of Proxy for the Court Meeting be lodged by 5.00 p.m. on 27 September 2019 or, if the Court Meeting is adjourned, not later than 48 hours prior to the time appointed for the Court Meeting (excluding any part of such 48 hour period falling on a weekend or a public holiday in the UK unless otherwise announced). Forms of Proxy not so lodged may be handed to Computershare (on behalf of the chairman of the Court Meeting) before the start of the Court Meeting and will still be valid.
- (3) Forms of Proxy for the General Meeting must be lodged by 5.00 p.m. on 27 September 2019 or, if the General Meeting is adjourned, not later than 48 hours prior to the time appointed for the adjourned Meeting (excluding any part of such 48 hour period falling on a weekend or a public holiday in the UK unless otherwise announced).
- (4) If either the Court Meeting or the General Meeting is adjourned, the Scheme Voting Record Time for the relevant adjourned meeting will be 6.00 p.m. on the day falling two Business Days before the date of the adjourned meeting.
- (5) These times and dates are indicative only and will depend on, among other things, the dates upon which (a) the Court sanctions the Scheme; and (b) the Conditions are satisfied or (where applicable) waived.
- (6) The latest date by which the Scheme must be implemented may be extended by agreement between Catalis and Bidco with the prior consent of the Panel and (if required) the approval of the Court.

To the extent any of the above expected dates or times change, Catalis will give notice of any such changes and details of the revised dates and/or times to Catalis Shareholders by issuing an announcement through a Regulatory Information Service.

PART 1

SUMMARY

You should read the whole of this document, and not rely solely on the summary information set out below. This information below conveys the essential characteristics and risks associated with the Acquisition and should be read as an introduction to this document. Any decision to invest in the New Topco Shares should be based on a consideration of this document as a whole by the investor.

The information set out below is not, nor is it intended to be, a summary prepared in accordance with the requirements of Article 7 of the Prospectus Regulation.

1. Introduction

On 15 August 2019, the Bidco Board and the Independent Directors announced the terms of an offer to acquire the entire issued and to be issued share capital of Catalis.

The Acquisition is subject to a number of Conditions, including the approval of Catalis Shareholders. The full terms and Conditions of the Acquisition are set out in the Scheme Document.

The Acquisition will be effected by means of a scheme of arrangement under Part 26 of the Companies Act.

This document is the "Exempted Document" referred to in the Scheme Document and contains information on Topco, the Topco Shares, Catalis and the Enlarged Group.

2. Information on Topco

Topco is a company limited by shares, incorporated on 4 June 2019 under the laws of England and Wales for the purpose of holding shares in Midco 1 and acting as the holding company of the Topco Group into which the NorthEdge Funds, the Co-investors and the Rollover Managers and eligible Scheme Shareholders who elect to receive the Partial Cash and Unlisted Securities Alternative will hold their interests. The directors of Topco are Phillip Frame and Dominic Wheatley.

3. Information on Catalis

Catalis provides a range of testing, development and publishing services to the video games market and QA services to the FTV markets. The Catalis Group comprises two divisions: (i) the Publishing Division, which includes Curve, a publisher of independent video games for console and PC, and Kuju, a video games development studio; and (ii) the Testing Division, which includes Testronic, a quality assurance service provider to the video games and FTV markets.

4. Background to and reasons for the Acquisition

The Topco Group intends to support the Catalis management team in the continued growth of Catalis by way of investment in new third-party development opportunities, continued expansion of Catalis' client base and scaling the business globally. The Topco Group will also seek to support Catalis management in diversifying its revenue base across new game releases and back-catalogue titles and expanding its testing activities.

5. Selected financial information

The information set out below has been extracted without material adjustment from the annual report and accounts for Catalis for the three years ended 31 December 2016, 31 December 2017 and 31 December 2018.

5.1 Consolidated Income Statement

The table below sets out certain consolidated income statement information of Catalis for the three years ended 31 December 2018, 31 December 2017 and 31 December 2016, prepared in accordance with IFRS.

	Year ended 31 December 2016 Unaudited €000's	Year ended 31 December 2016 Restated unaudited €000's	Year ended 31 December 2017 Unaudited €000's	Year ended 31 December 2018 Unaudited €000's
Revenue	19,369	19,017	24,605	43,428
Gross profit	n/a	n/a	n/a	19,617
Operating profit/(loss)	1,195	1,172	1,754	6,357
Impairment of intangible assets	-	-	122	-
Non-recurring administrative expenses	432	417	683	348
Adjusted EBIT	1,627	1,589	2,559	6,705
Depreciation	556	487	502	525
Amortisation	715	716	819	1,088
Adjusted EBITDA	2,898	2,792	3,880	8,318
Profit/(loss) before tax	466	815	100	5,343
Profit/loss from continuing operations	329	678	138	5,343

5.2 Condensed Consolidated Balance Sheet

The table below sets out certain consolidated balance sheet information of Catalis for the three years ended 31 December 2018, 31 December 2017 and 31 December 2016, prepared in accordance with IFRS.

	Year ended 31 December 2016 Audited €000's	Year ended 31 December 2017 Audited €000's	Year ended 31 December 2018 Audited €000's
Non-current assets	7,441	7,272	10,576
Current assets	6,528	9,492	13,819
Total assets	13,969	16,764	24,395
Current liabilities	7,347	8,679	12,880
Non-current liabilities	2,266	2,818	582
Total liabilities	9,613	11,497	13,462
Net assets	4,356	5,267	10,933

5.3 Condensed Consolidated Statement of Cash Flows

The table below sets out certain consolidated cash flow information of Catalis for the three years ended 31 December 2018, 31 December 2017 and 31 December 2016, prepared in accordance with IFRS.

	Year ended 31 December 2016 Restated Unaudited €000's	Year ended 31 December 2017 Unaudited €000's	Year ended 31 December 2018 Audited €000's
Net cash from operating activities	2,264	2,142	8,434
Net cash from/(used in) investing activities	(1,787)	(1,902)	(4,701)
Net cash from/(used in) financing activities	(635)	35	142
Net effect of currency translation	(115)	(548)	(351)
Net increase/(decrease) in cash and cash equivalents	(273)	(273)	3,524

6. Action to be taken

Please see the section headed "Action To Be Taken" in the Scheme Document which provides further details as to how Scheme Shareholders may vote at the General Meeting and at the Court Meeting and in addition, how eligible Scheme Shareholders may elect for the Partial Cash and Unlisted Securities Alternative.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN THE FORMS OF PROXY ENCLOSED WITH THE SCHEME DOCUMENT AS SOON AS POSSIBLE.

PART 2

RISK FACTORS

General

Scheme Shareholders should be aware of the risks associated with the Topco Shares, in addition to those risks already associated with an investment in Scheme Shares. Potential investors should carefully consider the following risk factors. The risks listed have been set out in groups being: (i) risks associated with an investment in Topco Shares, and risks associated with Topco; (ii) risks associated with Catalis; and (iii) risks associated with the Acquisition and within each group, separate categories. Within each category, the risk which the Directors believe to be the most material risk in that category is presented first but are otherwise not presented in any order of priority.

If any of the following risks actually occurs, the business, financial condition, results or future operations of Catalis and/or Topco could be materially and adversely affected and this could have a material and adverse effect on the value of the Topco Shares. In such circumstances, the value of the Topco Shares could decline and investors could lose all or part of their investment.

Additional risks and uncertainties not presently known to the Directors and the Proposed Directors, or that the Directors and the Proposed Directors currently consider to be immaterial, may also have an adverse effect on Catalis and/or Topco and no assurance can be given that all material risks relating to an investment in the Topco Shares are set out in this Part 2.

An investment in Topco Shares is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that might result from such investment. If you are in any doubt about the action you should take, you are advised to consult an appropriately authorised independent financial adviser who specialises in advising on the acquisition of shares and other securities.

Scheme Shareholders should note that an investment in Topco Shares differs in several key respects from an investment in Scheme Shares.

1 Risks associated with an investment in the Topco Shares

Risks related to the nature of Topco Shares

The Topco Shares are unquoted and there is no current expectation that they will be listed or admitted to trading on any exchange or market for the trading of securities.

An investment in Topco Shares is likely to carry a higher risk than an investment in shares quoted on a market or stock exchange as it is likely to be significantly more difficult for investors to realise their investment in Topco Shares than to realise an investment in a company whose shares or other securities are quoted on a market or stock exchange.

The Topco Ordinary Shares will represent a minority interest in Topco and Electing Scheme Shareholders will have limited influence over decisions made by Topco in relation to its investment in Catalis.

Given that the number of Topco Ordinary Shares available to Scheme Shareholders is capped at 2,521,762 Topco Ordinary Shares (in aggregate approximately 25.2% of Topco's voting share capital following completion of the Acquisition), Electing Scheme Shareholders will not be able to exert any meaningful control over Topco. In particular, Electing Scheme Shareholders may not be able to prevent the issue of shares in Topco which would have a dilutive effect on the value of their investment, or other matters which could adversely affect the value of Topco Shares.

Electing Scheme Shareholders will not enjoy any minority shareholder protection rights, other than those rights contained in applicable law.

The value of the Topco Shares will be uncertain.

Since the Topco Shares have not been, and are not intended to be, traded on a market or stock exchange their value is and may remain uncertain. There can be no assurance that the Topco Shares can be sold in the future at the same price as that at which they have been valued for the purposes of the Acquisition. Following the Scheme becoming effective, the value of the Topco Shares, insofar as it can be ascertained, may be volatile and may go down as well as up. Investors in the Topco Shares may therefore be unable to recover their original investment.

General market conditions may also affect the value of the Topco Shares regardless of Topco's operating performance. General market conditions are affected by many factors such as general economic outlook, movements in, or outlook on, interest and inflation rates, currency fluctuations, commodity prices and the demand for and supply of capital. Accordingly, the price at which the Topco Shares can be sold may not reflect the underlying value of Topco, and the price at which investors may dispose of their Topco Shares at any point in time may be influenced by a number of factors, only some of which may pertain to Topco, while others may be outside Topco's control.

Payments in respect of the Topco Shares will not be guaranteed or secured.

For so long as the Topco Group has any secured debt outstanding, it is not anticipated that Topco will declare or pay any dividends on any of the Topco Shares.

In addition, the payment of dividends on any Topco Preferred Ordinary Shares or payments due on their redemption will be unsecured ("**Preference Share Returns**") are not guaranteed. The Preference Share Returns may only be paid out of distributable profits of Topco. Any dividends payable in respect of the Topco Preferred Ordinary Shares will be rolled-up and paid out of available proceeds for distribution on an exit or on a return of capital or eight years after the date of their issue. This means that the holders of Topco Preferred Ordinary Shares may not therefore receive any cash payments in respect of the Topco Preferred Ordinary Shares until their final redemption.

Risks associated with Topco

Topco will be controlled by the NorthEdge Funds

Topco will be controlled by the NorthEdge Funds who may appoint any persons it deems fit to be directors of Topco. In addition, the Topco Articles contain a list of matters in respect of both Topco and each of its subsidiaries which cannot occur without Investor Consent, these include exit events, a sale of the whole or substantially the whole of its assets, approval of annual budgets and business plans and significant acquisitions or disposals.

Topco will not be subject to rules or regulations applying to companies with securities admitted to or traded on a regulated or prescribed market or exchange or the UK Corporate Governance Code.

Topco will not be subject to any market or exchange rules or the UK Corporate Governance Code which generally provide additional protections to, and rights for, investors with regard to, amongst other things, disclosure of material information, the publication of financial information and compliance with certain corporate governance standards. The Code will not apply to Topco as it does to Catalis, and holders of Topco Shares will not be afforded the protections set out in the Code if a takeover offer is made for Topco in the future. The absence of these types of rules and regulations in relation to Topco and the Topco Shares may make an investment in the Topco Shares a higher risk investment than an investment in quoted securities.

Topco will be subject to the risk that the value of financial instruments will fluctuate due to changes in market interest rates

Borrowings issued at variable rates across the Topco Group expose Topco to fair value interest rate risk. The interest rates of loan agreements entered into by the Topco Group fluctuate according to certain factors including the Bank of England base rate. Large increases in interest rates could impact upon the profitability of the business and therefore the value of the Topco Shares.

2 Risks associated with Catalis

Industry risks

Catalis will need to continue to publish new games and enhance existing games

There is a risk in the ever-changing market that some new or enhanced games will not be well received by consumers which will negatively impact on the profitability of Catalis. To remain competitive within the expanding market, Catalis will have to ensure it continues to build a strong pipeline of titles which are in-line with changing consumer preferences in a fast-changing market. The success of Catalis will depend on its ability to identify, develop and publish new games operating in a highly competitive industry.

Part of Catalis' strategy is to increase investment levels in the development of third party titles and licensed titles developed by first party studios. It is possible that some of these titles will underperform which will impact the profitability of Catalis.

Catalis has a strategy of looking to leverage its increasingly strong back catalogue in the event insufficient new games and titles are identified or are identified and are unsuccessful. It is possible, though, that in the future the back catalogue may not perform well enough to be able to support the Enlarged Group's revenue.

Operating in an extremely competitive industry, there are numerous new developers and publishers entering the video games market constantly, with varying degrees of success. There is no guarantee that Catalis will maintain its competitive edge against new rivals in the industry. Catalis must be innovative and adapt to technological advances and changes in consumer preferences and demands. This may require increased capital investment in existing games and the expansion of new titles, including additional investment in marketing in the long run, which may adversely affect profitability. Failure to maintain the strong customer base and popularity amongst end-users may result in a significant adverse effect on Catalis' revenue and business success.

Furthermore, Catalis uses various third party and proprietary tools and technologies for process control and productivity purposes. Continued investment in these tools is important to ensure Catalis' effectiveness. New technologies for automated testing and crowdsourcing could pose a threat to Catalis in the long-term.

Catalis may be unable to protect its IP rights or could be sued for the infringement of third party IP rights

Catalis' Publishing Division's continuing success is dependent on its ability to protect and register IP rights. Catalis operates with both first party and third-party IP rights. Catalis endeavours to protect its own rights through confidentiality agreements and employment contracts. However, Catalis has not historically registered all of its IP and there is therefore an inherent risk that individuals may assert that Catalis' systems, brand, market or products infringe their proprietary rights. Even if such claims are without merit, it could cause Catalis significant costs in defending such a claim.

Catalis' continuing success will depend on its ability to operate without violating the IP rights of others. There can be no assurance that the products that Catalis is currently marketing or the products Catalis may market in the future do not currently, and will not in the future, infringe any proprietary rights of others. Additionally, any unauthorised leakage of third party IP from any of the testing facilities could lead to action from the right holders.

Thus, Catalis may need to engage in litigation to defend itself against any such claims. Litigation is inherently expensive and time consuming and even if the outcome of litigation is ultimately favourable to Catalis, litigation can result in the diversion of substantial resources from Catalis' other activities as well as exposing Catalis to adverse publicity and reputational risk. Disputes relating to contested IP rights and related litigation may therefore have a material adverse effect on Catalis' business, financial condition and/or operating results.

Defective products

Catalis' quality checks for the games it develops and publishes may not preclude human error and there are no guarantees that defects can be prevented. If Catalis were to release defective products, its operating results could suffer as a result. The result of publishing defective products would have further

consequential reputational damage to Catalis, as Catalis relies significantly on word of mouth and reviews from the users, such damage could significantly impact Catalis' profits in the short term.

Service delivery

Catalis' Testronic business provides services which are required to be of a high quality and which are often time-critical for customers. Any decline in quality, service delivery failures or delays could potentially impact the development or launch plans for games. This could lead to the loss of existing customers, and could impact the Testronic brand and its ability to attract new customers and therefore have an adverse impact on Catalis.

Security breach or sudden business interruption

The gaming and FTV industries require the highest standards of security within a company offering services such as Testronic. Security breaches may lead to piracy, disruption of clients' marketing plans, loss of competitive edge and could result in compensation claims and an impact on the division's brand name in the industry.

Catalis (and, in particular, Testronic) provides time critical services to its customers and needs to minimise business interruptions and be able to continue servicing customers. This threat could be internal such as a major failure in its IT systems but also external such as damage to premises or external services provided to each facility.

Data security

Catalis must ensure ongoing compliance with various data protection laws, including the UK's Data Protection Act 2018, the Privacy and Electronic Communications (EC Directive) Regulations 2003 and the General Data Protection Regulation (Regulation (EU) 2016/679) ("**GDPR**"). Catalis does not hold personal data of the end-users, however, is under an obligation to protect private and personal data they do hold, including that of its employees.

Catalis is required to take steps to ensure the implementation and compliance with the GDPR. Any personal information that Catalis does hold in respect of its employees would be subject to the GDPR and relevant laws. There is an inherent risk such data could be processed in a manner which is in direct breach of the relevant data protection legislation, the consequence of which would not only be a potentially significant fine, it may also result in damage to Catalis' reputation further impacting Catalis' revenue.

Video Games Tax Relief

Catalis benefits from the VGTR scheme that came into force in 2014 in respect of some of the games developed and published by Curve and which has been extended to 2023 by the European Commission. 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 Catalis could remain eligible for VGTR. If current or future games were not able to benefit from VGTR, this could materially impact Catalis' financial performance and have a significant adverse commercial impact on Catalis.

Future acquisitions may have an adverse effect on Catalis' ability to manage its business

If Catalis is presented with appropriate opportunities, it may acquire complementary intellectual property, technologies, development teams, additional studios, companies or assets. Future acquisitions would expose Catalis 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 Catalis' 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 Catalis' ability to manage its business.

Global economic political landscape

Following the United Kingdom's referendum on membership of the European Union, held on 23 June 2016, the United Kingdom voted to renounce its membership and exit the European Union. The landscape of the European Union and the United Kingdom's ongoing relationship with it is unclear at

this time, and as a result there is no certainty or visibility as to the consequences of the referendum on the political, economic and legislative landscape. This uncertainty may result in an impact on the economies of the UK and/or the European Union which may result in a change in consumer spending. Any adverse change in consumer spending due to the Brexit may in turn impact Catalis' revenues.

As a result of political environment in the USA, there have been discussions around the application of new trade tariffs on video game related products imported into the United States. If such a tariff were applied to such products and/or services, this may see a change in consumer spending to cheaper domestic alternatives for which the tariff would not apply. Any adverse change in consumer spending due to the tariffs may in turn impact Catalis' revenues in the long term.

Client concentration/client terms

Dependence on a concentrated platform base for publishing games

Catalis is largely dependent on a small number of key customers who run global digital sales platforms for the publishing of games. In FY18, these key customers in aggregate contributed approximately 45 per cent. of Catalis' revenue. Therefore, the loss of any one of Catalis' key customers may have a significant impact on Catalis' revenue and success.

Catalis requires the continued success and availability of distribution channels developed by its key customers and this exposes Catalis to dependence on those distribution channels. If a key customer were required to remove their platform or distribution channel, for example due to the failure of their business, owing to a security breach or due to general operational issues, this would have an immediate impact on Catalis' profitability. This adverse impact would likely subsist until such time as the platform or distribution channel was relaunched, or in the event the relevant business has failed, until an alternative platform or distribution channel is made available.

Onerous contract terms

A number of Catalis' key customer contracts contain unfavourable terms. Such terms include wide ranging warranties and indemnities, provided in some cases on an uncapped basis. These wide-ranging warranties and indemnities are not limited to the contracting party, they are in certain cases extended to Catalis as a whole or in some cases third parties. Such warranties and indemnities given by Catalis create an inherent risk that its liability for any breach could be extensive, given the uncapped basis. This would have a significant impact on Catalis' profitability.

Additionally, a number of Catalis' key customer contracts contain foreign jurisdiction clauses. This means that claims brought against Catalis, and any claims brought by Catalis under the terms of the customer contracts will be governed by the applicable jurisdiction clauses. Therefore, both bringing and defending such a claim is likely to require overseas counsel and input, resulting in potentially costly and lengthy litigation affecting Catalis' profits. In particular the distribution of Catalis' game software to users in the US, and its submission to jurisdiction in the agreements, will potentially subject the target to the jurisdiction of US federal and state courts. Since US litigation is costly compared to the rest of the world (due to class actions, jury trials, expansive discovery processes, punitive damages, etc.), this may amplify the financial impact of any other legal issues that arise in relation to the game software.

Contractual termination rights

A number of Catalis' key customer contracts contain termination clauses that allow in some cases either party to terminate the contract on short notice for convenience and without cause. As Catalis' customer base is so concentrated, any loss of a customer would have an immediate impact on Catalis' ability to generate revenue, Catalis would have little lead time to then identify and secure a replacement customer, if one is indeed available, given the short notice periods. Whilst such termination rights are considered by the Board to be industry standard and not unfairly prejudicial to Catalis in comparison to its competitors, it is possible that such rights could be exercised.

Client concentration

Testronic's client base principally comprises some of the major global game and media companies with the top 10 clients accounting for 52 per cent. of Testronic revenue in FY18 (24 per cent. of Catalis' turnover for FY18). The companies have exacting standards and demand a high-quality of service. Any failure in

this regard or breakdown in the relationships at the top level could cause considerable damage to the business.

Furthermore, the outsourcing industry remains very competitive with a requirement to continue to review rates to ensure they are in-line with the competition. There is a risk that pressure on price may reduce the margins earned by Testronic in the future.

Forex risk

A number of Catalis' key customer contracts are subject to a variety of foreign currencies (in particular \$, € and £). Despite Catalis' hedging policy, there is a risk that Catalis and its reported financial results could be adversely affected by any material negative changes in the exchange rate of such currencies.

Key personnel

Dependence on key personnel/Loss of management

Catalis' performance relies heavily on the efforts and abilities of its key senior staff. Their knowledge, expertise and experience are vital contributors to the continued success of the business. Failure to retain the services of any of the key senior staff could in the medium to long term, have a material adverse effect on Catalis' profitability.

Ability to recruit and retain skilled personnel

The success of Catalis' business and revenues depends upon the talent and skill of its personnel. It may prove increasingly difficult in a fast-growing, competitive industry to recruit highly trained employees across its geographical locations.

Catalis' operational, production and publishing teams possess key skill sets that are essential to the success of the business. Should Catalis no longer be able to retain such employees and/or attract new employees, Catalis' business, revenues and prospects could suffer significantly.

3. Risks associated with the Acquisition

Risks connected to completion of the Acquisition

The Acquisition is subject to a number of conditions which may not be satisfied or waived

The Acquisition is subject to the satisfaction (or waiver, where applicable) of a number of conditions, including *inter alia*:

- the approval of the Scheme by a majority in number of Catalis Shareholders entitled to vote at the Court Meeting, either in person or by proxy, representing at least 75 per cent. in value of the Scheme Shares voted;
- the approval by Catalis Shareholders representing at least 75 per cent. of the votes cast on the Special Resolution;
- the approval on a poll by Catalis Independent Shareholders, representing a simple majority of the votes cast, of the Rollover and Topco Sweet Equity Resolution;
- the sanction of the Scheme by the Court;
- the Scheme becoming Effective by no later than the Long Stop Date; and
- the satisfaction of the other Conditions listed in Appendix I to the Announcement.

Topco's ability to invoke a Condition to the Acquisition is subject to the Panel's consent. The Panel will need to be satisfied that the underlying circumstances are of "material significance" to the Topco Group in the context of the Acquisition and this is a high threshold to fulfil. Consequently, there is a significant risk that Topco may be required to complete the Acquisition even where certain Conditions have not been satisfied or where a material adverse change has occurred to the Topco Group or the Catalis Group. If events such as those described in the preceding sentence were to occur, there

may be a material adverse effect on the business, financial results and financial condition of the Enlarged Group.

Risks connected to trading in Catalis

Topco is exposed to any deterioration in trading in Catalis between the Announcement and the Effective Date

On 15 August 2019, Catalis announced the recommended offer by Topco to acquire the entire issued and to be issued share capital of Catalis, to be implemented by a scheme of arrangement. Due to the required court approval process, there will be a period during which Topco will be exposed to any adverse change in the financial position and future prospects of Catalis. Given that Topco's ability to invoke a Condition to the Acquisition is subject to the Panel's consent, there is a risk that if any such adverse change occurred, there may be a material adverse effect on the business, financial results and financial condition of the Enlarged Group.

Following the Acquisition, an impairment of goodwill or other intangible assets would adversely affect the Topco Group's results of operations, business and financial condition

Following the Effective Date, a significant portion of the difference between the purchase price, Catalis' net assets at that date and the allocation of costs of the combination to the assets acquired and the liabilities assumed, will be recorded as goodwill. In addition, other intangible assets will be recorded as a result of the purchase price allocation. Under IFRS, goodwill and intangible assets with indefinite lives are not amortised but are tested for impairment annually or more often if an event or circumstance indicates that an impairment loss may have been incurred. Other intangible assets with a finite life are amortised on a straight-line basis over their estimated useful lives and reviewed for impairment whenever there is an indication of impairment. In particular if the business of the Topco Group does not develop as expected, impairment charges may be incurred in the future which could be significant and which could have an adverse effect on the Topco Group's financial condition.

PART 3

IMPORTANT INFORMATION

1. General

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 authorised by Topco or by GCA Altium. Neither the delivery of this document nor any offer or subscription made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Topco or Catalis since the date of this document or that the information in this document is correct as at any time subsequent to its date.

The contents of this document or any subsequent communication from Topco or GCA Altium or any of their respective affiliates, officers, directors, employees or agents is not to be construed as legal, financial or tax advice. Each Scheme Shareholder should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice.

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents, or use of any information contained in this document for any purpose other than considering the Acquisition or an investment in the New Topco Shares is prohibited. By accepting delivery of this document, each offeree of the New Topco Shares agrees to the foregoing.

The information given is as of the date of this document and, except as required by the Panel, the Prospectus Regulation, the City Code or any other applicable law, will not be updated.

Scheme Shareholders should note that this document is not a prospectus and has been prepared in accordance with the exemption contained in paragraph 4(f) of Article 1 of the Prospectus Regulation, there is therefore no obligation for Topco to produce a supplementary document under Article 23 of the Prospectus Regulation and no such document is intended to be prepared and therefore withdrawal rights, as provided for under Article 23 of the Prospectus Regulation, will not be introduced.

This document contains information which would be prescribed by the final report of the European Securities and Markets Authority in their Technical advice on Minimum Information Content for Prospectus Exemption dated 29 March 2019, if endorsed by the European Commission.

Capitalised terms have the meanings ascribed to them in Part 14 of this document.

2. Cautionary note on forward-looking statements

Certain statements contained in this document constitute "forward-looking statements".

All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. Forward looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward looking statements include, among other things, statements concerning the potential exposure of the Topco Group and/or the Catalis Group to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions, including as to future potential cost savings, synergies, earnings, cash flow, return on average capital employed, production and prospects. These forward looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "seek", "should", "target", "will" and similar terms and phrases.

There are a number of factors that could affect the future operations of the Topco Group and the Catalis Group that could cause results to differ materially from those expressed in the forward looking statements included in this document.

All forward looking statements contained in this document are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward looking statements which are subject to inherent uncertainties, including both economic and business risk factors underlying any such forward-looking information.

Each forward looking statement speaks only as of the date of this document. Neither Topco nor any member of the Topco Group undertakes any obligation to publicly update or revise any forward looking statement as a result of new information, future events or otherwise, except to the extent legally required. In light of these risks, results could differ materially from those stated, implied or inferred from the forward looking statements contained in this document.

Forward-looking statements contained in this document do not in any way seek to qualify the working capital statement contained in paragraph 11 of Part 10 of this document.

3. Market and economic data

This document contains information regarding the Catalis Group's business and the markets in which they operate and compete, which Topco has obtained from various third party sources. Where information has been sourced from a third party it has been accurately reproduced and, so far as Topco 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 and the source of such information has been disclosed.

4. Currency

Unless otherwise specified, the financial information contained in this document has been expressed in pounds sterling (£).

5. Sources and bases of selected financial information

Unless otherwise stated, financial information relating to Catalis has been extracted (without material adjustment) from the annual report and accounts for Catalis for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018.

The financial information concerning Catalis contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act. Full consolidated accounts of Catalis for each financial year to which the financial information relates and on which the auditors gave unqualified reports have been delivered to the Registrar of Companies in England and Wales (in respect of Catalis' financial year-ended 31 December 2018) and to the Netherlands Chamber of Commerce Commercial Register in respect of its financial years ended 31 December 2016 and 31 December 2017. The consolidated financial statements of Catalis in respect of the financial years ended 31 December 2016 and 31 December 2017 were reported on by Grant Thornton Accountants en Adviseurs B.V., and in respect of the financial year ended 31 December 2018 were reported on by Grant Thornton UK LLP, which is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

Grant Thornton Accountants en Adviseurs B.V. resigned as auditor and Grant Thornton UK LLP were appointed in connection with Catalis' re-domicile from the Netherlands to England and Wales in October 2018 which meant that Catalis' annual accounts for the year-ended 31 December 2018 were required to be audited by a firm of accountants registered to carry out audit work in the UK.

6. Non-IFRS financial measures

This document contains certain financial measures (such as Adjusted EBIT and Adjusted EBITDA) which are not defined or recognised under IFRS, including underlying profit. There are no generally accepted principles governing the calculation of these measures and they may not be comparable to measures reported by other companies, as those companies may compute such measures differently to Topco or Catalis (as applicable).

Adjusted EBIT is a non-IFRS measure equal to operating profit excluding non-recurring expenses and impairment of certain intangible assets.

Adjusted EBITDA is a non-IFRS measure equal to operating profit excluding amortisation of capitalised development costs incurred in relation to game development, depreciation, non-recurring expenses and impairment of certain intangible assets

7. Other sources and bases

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

8. Notice to Scheme Shareholders in Restricted Jurisdictions

Except pursuant to an applicable exemption, each of this document, the Scheme Document and the Form of Election does not constitute an offer of the New Topco Shares to any person with a registered address, or who is resident or located, in the US or any other Restricted Jurisdiction. The New Topco Shares have not been, and will not be, registered under the US Securities Act or any state securities laws in the United States or under the relevant laws of any other Restricted Jurisdiction or of any state, province or territory of any other Restricted Jurisdiction, and may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, into, in or within the US or any other Restricted Jurisdiction except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of such jurisdiction.

The New Topco Shares offered by this document may not be offered or sold, directly or indirectly, in or into the United States except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The New Topco Shares are being offered and sold outside the United States in "offshore" transactions exempt from the registration requirements of the Securities Act in reliance on Regulation S. There will be no public offering of the New Topco Shares in the United States.

PART 4

DIRECTORS, PROPOSED DIRECTORS AND ADVISERS

Directors and roles following the Effective Date:	Dominic Wheatley, <i>Chief Executive Officer</i> Phillip Frame, <i>Non-executive Director</i>
Proposed Directors and roles following the Effective Date:	Robert Haxton, <i>Group Finance Director</i> Andrew Lawton, <i>Corporate Finance and Strategy Director</i> Raymond Stenton, <i>Non-executive Director</i>
Registered office:	Suffolk House George Street East Croydon London CR0 1PE
Telephone no:*	+44 (0) 207 042 1700
Financial adviser to Topco, Bidco and NorthEdge:	GCA Altium Limited 1 Southampton Street London WC2R 0LR
Reporting Accountant to Topco:	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
Solicitors to Topco:	Eversheds Sutherland (International) LLP One Wood Street London EC2V 7WS
Website*	www.catalisgroup.com

Note: none of the content of the above website forms part of this document

* Following the Effective Date

PART 5

INFORMATION ON THE ACQUISITION AND THE SCHEME

1. Introduction

On 15 August 2019, the Bidco Board and the Independent Directors announced the terms of an offer to acquire the entire issued and to be issued share capital of Catalis.

The Acquisition is subject to a number of Conditions, including the approval of Catalis Shareholders. The full terms and Conditions of the Acquisition are set out in the Scheme Document.

The Acquisition will be effected by means of a scheme of arrangement under Part 26 of the Companies Act.

2. Summary of the terms of the Acquisition

Under the terms of the Acquisition, which shall be subject to the Conditions and further terms set out in Appendix I to the Announcement and set out in the Scheme Document, Scheme Shareholders shall be entitled to receive:

for each Scheme Share held **£95.13 in cash**

The Acquisition values the entire issued and to be issued share capital of Catalis at approximately £89.8 million on a fully diluted basis.

As an alternative to the Cash Consideration to which they would otherwise be entitled under the Acquisition, eligible Scheme Shareholders will be able to elect to receive the Partial Cash and Unlisted Securities Alternative comprising:

for each Scheme Share held **£36.57 in cash and 1 Unit (each Unit comprising 5.9048 New Topco Ordinary Shares plus 585 New Topco Preferred Ordinary Shares)**

Scheme Shareholders who do not elect for the Partial Cash and Unlisted Securities Alternative will automatically receive the full Cash Consideration. The availability of the Units under the Partial Cash and Unlisted Securities Alternative is limited to a maximum of 427,069 Units which would comprise 249,835,365 New Topco Preferred Ordinary Shares and 2,521,762 New Topco Ordinary Shares, representing approximately 25.2 per cent. of the voting rights of the entire issued share capital of Topco following the issue of the Topco Sweet Equity Shares. To the extent that elections for Units under the Partial Cash and Unlisted Securities Alternative cannot be satisfied in full, they will be scaled down as nearly as reasonably practicable pro rata to the proportion of Scheme Shares in respect of which such eligible Scheme Shareholder has validly elected to receive the Partial Cash and Unlisted Securities Alternative relative to the aggregate number of Scheme Shares in respect of which all validly electing and eligible Scheme Shareholders have elected to receive the Partial Cash and Unlisted Securities Alternative. The balance of such eligible Scheme Shareholder's entitlement to consideration for their Scheme Shares will be paid in cash on the basis of the Cash Offer.

Fractional entitlements to New Topco Shares under the Partial Cash and Unlisted Securities Alternative will be rounded down to the nearest whole number and will not be allotted or issued to Scheme Shareholders but will be disregarded.

The New Topco Shares will be unlisted and will represent a minority investment in a company controlled by the NorthEdge Funds. They will not be admitted to trading on any stock exchange and they will therefore be illiquid. Any assessment of the value of New Topco Shares should therefore take into account an individual shareholder's assessment of an appropriate liquidity discount.

3. Valuation of the Partial Cash and Unlisted Securities Alternative

Your attention is drawn to Part 9 of the Scheme Document which contains a valuation of the Partial Cash and Unlisted Securities Alternative.

4. Background to and reasons for the Acquisition

The Topco Group intends to support the Catalis management team in the continued growth of Catalis by way of investment in new third-party development opportunities, continued expansion of Catalis' client base and scaling the business globally. The Topco Group will also seek to support Catalis management in diversifying its revenue base across new game releases and back-catalogue titles and expanding its testing activities.

NorthEdge has significant prior experience in the gaming sector, most recently through its investment in video game and interactive products developer Sumo Digital Limited, and a strong track record in scaling companies globally. The Directors and Proposed Directors believe that, with the support of NorthEdge and together with the continuing participation of the existing senior management team, Catalis is well positioned to capitalise on the significant growth opportunities available in its end markets including accessing the streaming market, launching additional service lines and identifying buy-and-build opportunities.

5. Conditions to the Acquisition

The Acquisition is subject to the Conditions and further terms set out in the Scheme Document, including:

- the approval of the Scheme by a majority in number of Catalis Shareholders entitled to vote at the Court Meeting, either in person or by proxy, representing at least 75 per cent. in value of the Scheme Shares voted;
- the approval by Catalis Shareholders representing at least 75 per cent. of the votes cast on the Special Resolution;
- the approval on a poll by Catalis Independent Shareholders, representing a simple majority of the votes cast, of the Rollover and Topco Sweet Equity Resolution;
- the sanction of the Scheme by the Court;
- the Scheme becoming Effective by no later than the Long Stop Date; and
- the satisfaction of the other Conditions listed in Appendix I to the Announcement.

Once the necessary approvals from Catalis Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived the Scheme will become Effective upon sanction by the Court, filing of an office copy of the Court Order with the Registrar of Companies. Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not, being entitled to do so, they attended or voted at the Court Meeting or the General Meeting (and if they attended and voted, whether or not they voted in favour).

6. Additional Information

Your attention is drawn to the further information set out in Parts 6 to 10 of this document relating to Topco and Catalis.

7. Irrevocable Undertakings

Bidco has received irrevocable undertakings from certain other Catalis Shareholders (including Leo Capital) to vote (or to procure the voting) in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) in respect of a total of 543,823 Catalis Shares, representing, in aggregate, approximately 56.7 per cent. of the existing Catalis Voting Shares (and representing approximately 67.1 per cent. of the Catalis Shares eligible to vote at (i) the Court Meeting and (ii) the General Meeting in respect of the Rollover and Topco Sweet Equity Resolution) as at the Last Practicable Date.

Certain of the shareholders who have given irrevocable undertakings as set out above (Axxion S.A., Discover Capital GmbH, Jonathan Newth and Ian Baverstock) have undertaken not to elect for the Partial Cash and Unlisted Securities Alternative in respect of their shareholdings which represent, in aggregate, approximately 12.2 per cent. of the existing Catalis Voting Shares. Leo Capital has undertaken to elect for the Partial Cash and Unlisted Securities Alternative in respect of its entire beneficial holding of Catalis Shares representing, in aggregate, approximately 44.6 per cent. of the existing Catalis Voting Shares. These irrevocable undertakings remain binding even in the event of a higher competing offer.

In light of their interests in the Rollover Arrangements and, where applicable, the Topco Sweet Equity Arrangements described in paragraph 7 of Part 6 of this document, Dominic Wheatley, Robert Haxton, Stuart Dinsey, Jason Perkins, David Millar and Jonathan Wingrove (being directors and/or management of Catalis and/or its subsidiaries) will not be entitled to vote at the Court Meeting and will not be entitled to vote at the General Meeting in respect of the resolution to approve the Rollover Arrangements and the Topco Sweet Equity Arrangements. However, each of the Rollover Managers have provided Bidco with an irrevocable undertaking to vote (or to procure the voting) in favour of the Special Resolution to approve, *inter alia*, the implementation of the Scheme to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) in respect of 147,526 Catalis Voting Shares, being their entire beneficial holdings of Catalis Shares representing, in aggregate, approximately 15.4 per cent. of the existing Catalis Voting Shares as at the Last Practicable Date. These irrevocable undertakings remain binding even in the event of a higher competing offer.

8. **Action to be taken**

Please see the section headed "Action To Be Taken" in the Scheme Document which provides further details as to how Scheme Shareholders may vote at the General Meeting and at the Court Meeting and in addition, how eligible Scheme Shareholders may elect for the Partial Cash and Unlisted Securities Alternative.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN THE FORMS OF PROXY ENCLOSED WITH THE SCHEME DOCUMENT AS SOON AS POSSIBLE.

9. **Overseas Shareholders**

The availability of the New Topco Shares under the terms of the Acquisition to persons not located in the UK may be affected by the laws of the jurisdiction where they are located. Such persons should inform themselves about and observe any applicable requirements.

For further details in relation to Catalis Shareholders located outside of the UK, see the *Notice to Scheme Shareholders in Restricted Jurisdictions* in paragraph 8 of Part 3 of this document.

10. **Taxation**

Information on United Kingdom and German taxation with regard to the holding of Topco Shares is set out in Part 11 of this document. This information is intended only as a general guide to the current law and practice in the United Kingdom and Germany. If you are in doubt as to your tax position, you should consult your own independent professional adviser without delay.

11. **General**

The terms of the Acquisition and all other matters relating thereto shall be governed by and construed in accordance with the law of England and Wales.

The Courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Acquisition or this document. By applying for New Topco Shares, eligible Scheme Shareholders irrevocably submit to the jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court and agree that a judgment or order of any such court is binding upon and may be enforced against such eligible Scheme Shareholders in the courts of any other jurisdiction.

All documents and remittances in connection with the Acquisition posted to or by Scheme Shareholders (or their agents) will be posted at their risk.

PART 6

INFORMATION ON PROJECT SWORD TOPCO LIMITED

1. Information on Topco

Topco is a company limited by shares, incorporated on 4 June 2019 under the laws of England and Wales for the purpose of holding shares in Midco 1 and acting as the holding company of the Topco Group into which the NorthEdge Funds, the Co-investors and the Rollover Managers and eligible Scheme Shareholders who elect to receive the Partial Cash and Unlisted Securities Alternative will hold their interests. The directors of Topco are Phillip Frame and Dominic Wheatley.

Topco is currently owned indirectly by NorthEdge Fund II and by Dominic Wheatley.

Midco 1 is a company limited by shares, incorporated on 4 June 2019 under the laws of England and Wales for the purpose of holding shares in Midco 2. The directors of Midco 1 are Phillip Frame and Dominic Wheatley.

Midco 2 is a company limited by shares, incorporated on 4 June 2019 under the laws of England and Wales for the purpose of holding shares in Bidco. The directors of Midco 2 are Phillip Frame and Dominic Wheatley.

Bidco is a company limited by shares, incorporated on 4 June 2019 under the laws of England and Wales for the purpose of implementing the Acquisition. The directors of Bidco are Phillip Frame and Dominic Wheatley.

No company in the Topco Group has traded since the date of its incorporation nor entered into any obligations other than in connection with the Acquisition and its financing. Save as set out in this document, there has been no significant change in the financial performance or financial position of the Topco Group since 4 June 2019 (being the date of incorporation of each member of the Topco Group).

Following completion of the Acquisition, Bidco would be the direct holder of Catalis and each of its subsidiary undertakings, details of which are set out in paragraph 2 of Part 10 of this document.

2. Directors and Proposed Directors

The following table lists the names, ages, positions and dates of appointment of each Director and Proposed Director:

<i>Name</i>	<i>Age</i>	<i>Position</i>	<i>Date appointed</i>
Dominic Wheatley	60	Chief Executive Officer	4 June 2019
Robert Haxton	50	Group Finance Director	Effective Date
Andrew Lawton	56	Corporate Finance and Strategy Director	Effective Date
Phillip Frame	36	Non-executive Director	4 June 2019
Raymond Stenton	47	Non-executive Director	Effective Date

The business address of all of the Directors and Proposed Directors is Suffolk House, George Street, East Croydon, London CR0 1PE other than Phillip Frame and Raymond Stenton whose business address is at 13th Floor, Number One Spinningfields 1 Hardman Square, Spinningfields, Manchester M3 3EB.

The management expertise and experience of each of the Directors and Proposed Directors is set out below:

- **Dominic Wheatley** (age 60) – *Chief Executive Officer*

Dominic started Domark (later re-named Eidos) in 1984 and floated Eidos on the London Stock Exchange in 1995. The following year he launched Lara Croft Tomb Raider at the E3 show in LA which went on to become a video game sensation. Among many other games that Dominic signed and published were James Bond, Trivial Pursuit, Formula One, Star Wars and Championship Manager. After leaving Eidos in the late nineties, Dominic acted

as a NED for several public companies such as Statpro PLC, Telecom Plus PLC and SocialGo PLC (now Tavistock PLC). Dominic became Chief Executive Officer of Catalis in 2012, having been a non-executive director of the Company since 2008 following the acquisition of Kuju in 2007 where he served as Chairman.

- **Robert Haxton** (age 50) – *Group Finance Director*

Robert joined Catalis in 2015 and was previously at Universal Records, Sony Pictures Entertainment, BSkyB and Global Eagle Entertainment, where he served as International CFO. Robert is a CIMA qualified Chartered Management Accountant.

- **Andrew Lawton** (age 56) – *Corporate Finance and Strategy Director*

Andrew Lawton has extensive experience within the video games industry, fast moving consumer goods and multi-site retail. He was CFO of the fast-growing international business, Sony Computer Entertainment Europe, which he joined as a founding member of the PlayStation business, in 1994 and supported its growth to over €3 billion turnover and 1000 employees. His responsibilities have been broad-ranging, including finance, IT, digital operations and business transformation.

At AIM listed Keywords Studios, he was Group Finance Director of the IT service business to the video games industry. During his tenure, Keywords Studios grew through strong organic growth and nine acquisitions.

He is a Member of the Institute of Chartered Accountants of England and Wales.

- **Phillip Frame** (age 36) – *Non-executive Director*

Phil is a Director and Head of North West, having joined NorthEdge in 2012 from Altium Capital. He previously qualified as a Chartered Accountant with KPMG. Phil has been involved in lower mid-market private equity transactions for over 10 years and has led a number of investments for NorthEdge across a range of sectors. Phil led the NorthEdge investment into video games developer Sumo Digital and was a Non-executive Director through to the exit to Perwyn in 2016.

- **Raymond Stenton** (age 47) – *Non-executive Director*

Ray is a founder and Managing Partner at NorthEdge and has played an instrumental role in the development of NorthEdge having been involved in many of the deals that formed the investment track record of NorthEdge's management team.

Ray has been involved in lower mid-market private equity transactions for over 20 years. Ray is a member of the NorthEdge Investment Committee and has held a number of Non-Executive board positions on NorthEdge investments.

3. **Information on the Topco's share capital**

At the date of this document, Topco's share capital is £10 divided into 10 ordinary shares of £1 each, of which 1 share is issued and held by Dominic Wheatley and 9 shares are issued and held by NorthEdge Fund II.

The Topco Articles to be adopted prior to the Effective Date are summarised in paragraph 4 of Part 10 of this document. Following the Effective Date it is anticipated that Topco will have a share capital comprising:

- 8,000,000 Topco Ordinary Shares
- 792,237,905 Topco Preferred Ordinary Shares; and
- 1,900,000 Topco Sweet Equity Shares.

The rights attached to each of the Topco Ordinary Shares, Topco Sweet Equity Shares and Topco Preferred Ordinary Shares are described further at paragraph 4 of Part 10 of this document.

4. **Topco significant shareholders**

Assuming that no Scheme Shareholder undertakes to elect for the Partial Cash and Unlisted Securities Alternative (and Leo Capital, as it has irrevocably undertaken to do, elects for the Partial Cash and Unlisted Securities Alternative in respect of its entire beneficial holding of Catalis Shares), the following persons would be interested in 3 per cent. or more of the issued share capital or voting rights of Topco on completion of the Acquisition:

	Topco Ordinary Shares	Topco Sweet Equity Shares	Equity shareholding post Acquisition (following the issue of the Topco Sweet Equity Shares) %*
NorthEdge Capital Nominee Limited as Nominee for NorthEdge Capital Fund II LP	2,957,953	0	29.6
Leo Capital	2,521,762	0	25.2
Dominic Wheatley	548,737	1,200,000	17.5
Pathway Private Equity Fund XXV, LP	504,024	0	5.0
Unigestion GP S.a.r.l as General Partner of Euro Choice Direct L.P.	419,171	0	4.2
Robert Haxton	100,527	300,000	4.0
Public Employees' Retirement System	334,318	0	3.3
Andrew Lawton	0	300,000	3.0

* Percentage holding of the aggregate number of the Topco Ordinary Shares and Topco Sweet Equity Shares

None of Topco's major holders of shares listed above has voting rights which are different from other holders of Shares. However, the Topco Articles provide the holders of the majority of the Topco Ordinary Shares, any Significant Shareholder and the holders of the Sweet Equity Shares with enhanced rights as described in paragraph 4 of Part 10 of this document.

5. **Dividends**

Given the nature of the business and its growth strategy, it is unlikely that the Board will recommend a dividend in the early years following the Acquisition. The Directors and Proposed Directors believe that the Topco Group should seek to re-invest profits to fund its growth strategy over the medium term.

6. **Strategy**

Topco intends to support Catalis' management to develop the Enlarged Group by way of investment in staff and operational capacity to support the expansion of Catalis' global operations and service offerings.

Topco will also seek to support Catalis' management in identifying, assessing and financing the acquisition of complementary companies which are perceived to be value-enhancing to the overall Catalis proposition.

Topco believes that, under private ownership and supported by NorthEdge's expertise and access to capital, Catalis would be better able to capitalise on additional growth and investment opportunities available in its end markets. Topco will actively monitor these additional opportunities and pursue them with Catalis where appropriate.

Topco recognises the contribution made by the Catalis management team in developing the Company and attaches great importance to their skills and experience. Topco intends to support the Catalis management team in the execution of their long term strategy.

7. Agreements connected to the Acquisition

Summaries of the material agreements entered into by any member of the Topco Group in connection with the Acquisition are set out below:

7.1 Rollover Arrangements

Pursuant to the Rollover Arrangements, the Rollover Managers have agreed to exchange their Catalis Shares and B Ordinary Shares for a combination of cash, loan notes, preferred ordinary shares and ordinary shares that will ultimately be issued by Topco via an exchange mechanism, alongside NorthEdge on a pari passu basis, thereby aligning their economic interests with the Wider Bidco Group by way of participation in the equity structure of Topco. No additional value is created at the time of the transaction as a result of the Rollover Arrangements, although participation in future growth could result in further value accruing over time. The Rollover Arrangements will result in the Rollover Managers owning shares and other securities in Topco in the manner described below.

The Rollover Managers' participation in the Rollover Arrangements, which are conditional upon the Scheme having become Effective in accordance with its terms, are as follows:

Shareholder	Role	Shareholding in Catalis*	% rollover into Bidco equity**	Value rollover into Bidco equity**	Equity shareholding % post Acquisition (following the issue of the Topco Sweet Equity Shares)***
Dominic Wheatley	Group CEO	10.1%		60.0%	17.5%
Robert Haxton	Group FD	1.9%		60.0%	4.0%
Stuart Dinsey	Chairman, Curve Digital	1.4%		60.0%	1.8%
Jason Perkins	MD, Curve Digital	0.4%		60.0%	0.2%
David Miller	Founder, Runner Duck Games	0.1%		100.0%	0.1%
Jonathan Wingrove	Founder, Runner Duck Games	0.1%		100.0%	0.1%
TOTAL		14.1%			23.8%

* Calculated as if B Ordinary Shares had been converted into Catalis Shares in accordance with Catalis' articles of association.

** The balance of the Rollover Managers' Catalis shareholding not rolled over into Bidco equity will be acquired by Bidco for cash pursuant to the Sale and Purchase Agreement

*** Percentage holding of the aggregate number of the Topco Ordinary Shares and Topco Sweet Equity Shares

7.2 Topco Sweet Equity Arrangements

Sweet equity arrangements are in place so that the value of the equity held by certain members of management in the Wider Bidco Group, following the Acquisition, can be increased relative to other shareholders, depending on the success of the investment.

Pursuant to the terms of the Acquisition, the Topco Sweet Equity Participants will receive equity (the "Topco Sweet Equity Shares") in Topco (the "Topco Sweet Equity Pot") to further incentivise them, align their interests with the Wider Bidco Group, and provide additional up side if the equity value of Topco increases (the "Topco Sweet Equity Arrangements"). The Topco Sweet Equity Arrangements will result in the Topco Sweet Equity Participants owning shares and other securities in Topco in the manner more particularly described below.

The Topco Sweet Equity Pot allocation relates to 20 per cent. of Topco's equity share capital which will have little value immediately following the Acquisition (and will be initially issued at nominal value).

The Topco Articles will contain a ratchet which enables the holders of the Topco Sweet Equity Shares to participate in greater proportions of the proceeds on any sale of Topco depending on the amount of proceeds received by the NorthEdge Funds. The minimum proportion that the Topco Sweet Equity Shares will participate in as a class is 20 per cent. of the proceeds of a sale.

There are three target return levels based on a multiple of the amount of return on investment received by the NorthEdge Funds set at 3 times, 4 times and 6 times the amount invested and received by way of dividend or return of capital. The Rollover Managers will participate in an additional 5 per cent. of the excess over and above the amount required to achieve each level of return up to a maximum of an additional 15 per cent.

The Topco Sweet Equity Participants will be allocated 19 per cent. out of the 20 per cent. of the Topco Sweet Equity Pot at or shortly after the Effective Date based on their role. The remaining 1 per cent. will remain unallocated and reserved for future incentivisation.

The Topco Sweet Equity Pot will be allocated as follows:

Category	Role	Initial Topco Sweet Equity Entitlement
Dominic Wheatley	Group CEO	12.0%
Robert Haxton	Group FD	3.0%
Andrew Lawton	Corporate Finance & Strategy Director	3.0%
Stuart Dinsey	Chairman, Curve Digital	1.0%
Unallocated	N/A	1.0%
TOTAL		20.0%

The Independent Directors support Bidco's belief that the ongoing participation of the Topco Sweet Equity Participants in the Company is an important element of the Acquisition, and are pleased that they will continue as employees of Catalis and investors in the Wider Bidco Group following completion of the Acquisition.

7.3 **Agreements effecting the Rollover Arrangements and the Topco Sweet Equity Arrangements**

The Rollover Managers have entered into a number of agreements with Bidco to effect the Rollover Arrangements and the Topco Sweet Equity Arrangements, as follows:

7.3.1 **Sale and Purchase Agreement**

A Sale and Purchase Agreement dated on 15 August 2019 entered into by the Rollover Managers provides for the sale by each of the Rollover Manager of his Catalis Shares and, his B Ordinary Shares in consideration for cash and loan notes to be issued by Bidco. All of the B Ordinary Shares in issue are held by the Rollover Managers. The Rollover Managers hold 78,153 Catalis Shares and 69,373 B Ordinary Shares in aggregate which, will have an aggregate value of £12.7 million. Pursuant to the Sale and Purchase Agreement, in addition to £3.7 million of cash, loan notes issued by Bidco with an aggregate principal amount of £8.9 million will be issued to the Rollover Managers (the "**Bidco Rollover Notes**").

7.3.2 **Put and Call Option Deed**

A Put and Call Option Deed dated 15 August 2019 provides for the transfer by the Rollover Managers, by means of a series of put and call options of certain securities in the Topco Group. The Rollover Managers will be issued Bidco Rollover Notes by Bidco under the Sale and Purchase Agreement. The Rollover Managers will exchange the Bidco Rollover Notes in consideration for loan notes issued by Midco 2. The Rollover Managers will then exchange the loan notes issued by Midco 2 for loan notes issued by Midco 1. Finally, the Rollover Managers will exchange the loan notes issued by Midco 1 for ordinary shares, preferred ordinary shares and, in the case of Dominic Wheatley, loan notes issued by Topco.

7.3.3 **Equity Terms Agreement**

An Equity Terms Agreement dated 15 August 2019 sets out the terms on which, amongst other things, the Rollover Managers will hold their investment in Topco in the form of Topco Ordinary Shares, Topco Preferred Ordinary Shares and, in the case of Dominic Wheatley, loan notes issued by Topco following the completion of the series of puts and calls provided for by the Put and Call Option Deed.

Following the Effective Date, the Rollover Managers will hold in aggregate, approximately 9.7 per cent. of the Topco Preferred Ordinary Shares and approximately 23.8 per cent. of the Topco Voting Shares following the issue of the Topco Sweet Equity Shares.

PART 7

INFORMATION ON CATALIS

1. Introduction and history

Catalis provides a range of testing, development and publishing services to the video games market and QA services to the FTV markets. The Catalis Group comprises two divisions: (i) the Publishing Division, which includes Curve, a publisher of independent video games for console and PC, and Kuju, a video games development studio; and (ii) the Testing Division, which includes Testronic, a quality assurance service provider to the video games and FTV markets.

Catalis was founded by German investors in 2000. In the same year, the Catalis Group acquired Testronic and listed on the Frankfurt Stock Exchange.

The Catalis Group's first acquisition Testronic, focused on FTV testing driven by the rise of DVD releases by content owners in the first decade of the 2000s. The Catalis Group subsequently diversified into video games testing, which has flourished as video games have grown into one of the largest entertainment markets in the world.

In 2007, the Catalis Group acquired Kuju, a work-for-hire video games developer. At this time, Kuju primarily worked for video games publishers with licenses from third-party IP owners who were looking to outsource their game development. Following the acquisition of Kuju, Dominic Wheatley, who served as Chairman of Kuju, was appointed as a non-executive director of Catalis in 2008.

In 2012, Dominic Wheatley was appointed as Chief Executive Officer and led new management based in the UK as the Catalis Group repositioned its strategy to focus more on the growing video games market alongside the FTV business. The Catalis Group opened a new testing office in Warsaw, Poland and key client wins led the number of testers and revenue for video games to overtake FTV in 2013.

In 2014, the original German founders of the Catalis Group were bought out by funds managed by Vespa Capital (Leo Capital) who currently own approximately 45 per cent. of the Catalis Group's equity.

In January 2016, the Catalis Group expanded into video games publishing through the acquisition of Curve. Following the acquisition, Catalis increased investment in Curve to focus on higher quality and larger projects, and to allow it to provide increased levels of funding to the developer during the development phase of a title, typically to secure a greater share of revenue generated by the game. The Catalis Group continues to identify and selectively publish titles developed by third parties and has further expanded into the development of games based on licensed intellectual property with development being carried out either in-house by Kuju, or by other studios.

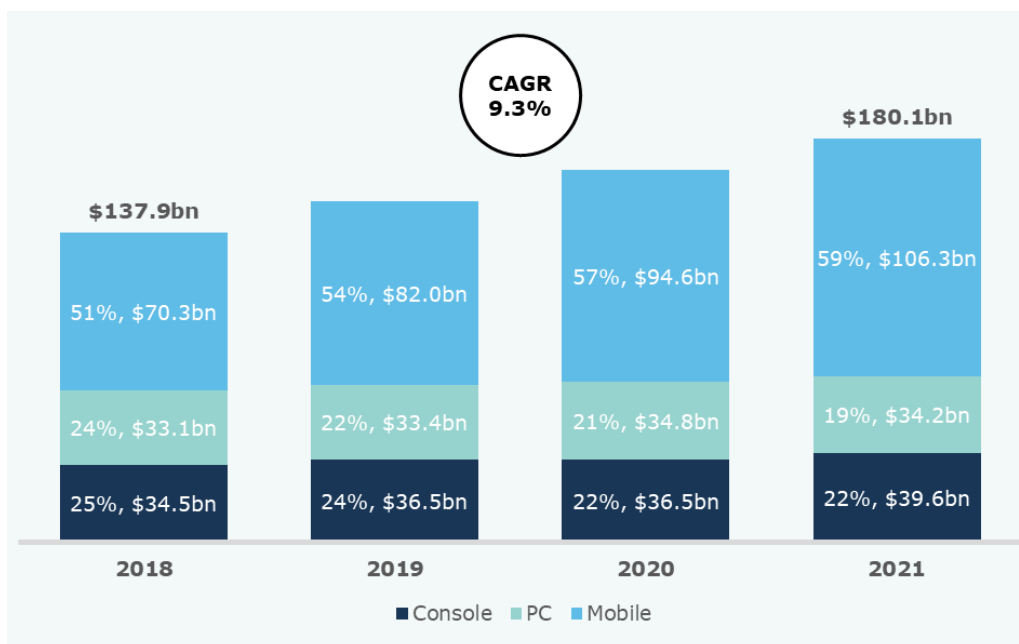
In June 2018, Catalis de-listed from the Frankfurt Stock Exchange as it believed that the listing of the shares in Germany was no longer appropriate for the Catalis Group as the business was operating in the UK and the Catalis Group's major shareholder, Leo Capital, was also based in the UK.

Following the delisting from the Frankfurt Stock Exchange, Catalis was redomiciled to the UK, having previously been domiciled in the Netherlands.

2. Market overview

2.1 Video games market overview

The video games industry has grown into one of the largest entertainment markets in the world over the last decade. In 2018, the video games market was valued at \$137.9 billion and is forecast to grow at a CAGR of 9.3 per cent., reaching in excess of \$180 billion by 2021. The key factors that are driving the video games market growth include: a growing user base driven by an expanding demographic reach and emerging market growth; continuous demand for better technology, graphics and functionality; and the increasing lifespan and monetisation of titles.



The complexity of video games development and the level of post-launch support required has increased significantly as the video games market has grown and evolved. As video game projects have expanded in scope and size, developers and publishers have increasingly looked to outsource non-core elements of their processes to external service providers. Service providers are becoming increasingly embedded in client operations as a result of these services commencing a lot earlier in the development lifecycle and the ongoing development of launched titles, such as the addition of new levels, particularly in mobile.

2.2 FTV market overview

The global film and TV market is valued at £316.7 billion (2018) and is forecast to reach £340.5 billion by 2021 representing a CAGR of 2.4 per cent. (Source: PwC Global Entertainment & Media Outlook 2018-2022). This growth is driven by increasing global audiences (particularly in emerging markets), demand for content, a shifting trend of direct-to-consumer content via digital distribution and streaming and a growing number of studios producing content.

3. Catalis' strategy

The Catalis Group is expected to continue to grow organically in both divisions. The Testing Division will look to continue its sales momentum to win larger clients and contracts. The Publishing Division will look to expand its portfolio of titles through signing high-quality developers and attractive licenses. It is expected that the Catalis Group will continue to increase its investment in these games in order to improve the quality of these titles to drive increased sales volumes and average pricing, as well as securing a higher share of the revenue. The Catalis Group may look to acquire businesses where it feels that expansion could be accelerated or achieved more efficiently than through organic growth.

4. Organisational structure and businesses

The Catalis Group comprises the Publishing Division (Curve and Kuju) and the Testing Division (Testronic):

4.1 Publishing Division

4.1.1 Curve

Founded in 2005, Curve is an award-winning video games publisher. Curve partners with a wide range of indie developers to help bring their games to the broadest possible

audiences through development support, route-to-market strategy and lifecycle management.

4.1.2 *Kuju*

Founded in 1998, Kuju is a work-for-hire video games developer. Kuju has historically operated as a third-party video games developer for publishers with licenses from third-party IP owners, with revenue earned on a time cost basis. As the publishing side of the Catalis Group has grown, alongside continuing to develop third party titles, Kuju has started to focus more on developing titles in-house to be published by Curve.

4.2 **Testing Division**

Testronic is an award-winning provider of QA and testing services to the video games and FTV industries offering three primary services:

- Games – Functional testing – Testronic offers independent testing of a video game to ensure that it works the way it was intended to. This can include testing for software bugs, as well as ensuring hardware compatibility and compliance.
- Games – Localisation testing – Testronic provides a testing service for the accuracy of video game translations. It also offers video games translation for more than 35 different languages.
- FTV – Testronic offers QA and localisation services for all FTV content channels, from streaming services to physical discs.

A breakdown of Catalis' revenue by business segment and geography is contained in note 2 to the annual report and accounts of Catalis for each of the financial years ending 31 December 2016, 31 December 2017 and 31 December 2018 which are incorporated by reference into this document as referred to in Part 12 of this document.

5. **Current trading and prospects**

Trading across the Publishing Division and the Testing Division and for the Catalis Group as a whole for the period from 31 December 2018, being the date to which the audited accounts have been prepared to the date of this document, was consistent with Catalis' expectations.

Operationally, the Catalis Group has made progress in a number of areas since 31 December 2018:

- Curve has released a number of titles, including *American Fugitive*, which have all performed in line with the Directors' expectations;
- *Human: Fall Flat* continues to perform strongly;
- Curve has announced exclusive publishing contracts for a number of titles including *Just Die Already* and *Snake Pass 2*;
- The Testing Division has continued to experience strong demand across both Games and FTV, and has expanded its geographical footprint; and
- Catalis acquired a new games studio, *Runner Duck Games Limited*, who developed the award-winning title *Bomber Crew*. The acquisition of *Runner Duck Games Limited* represents the first in a strategy to acquire own IP.

6. **Capitalisation and indebtedness**

The statement of capitalisation and indebtedness of Topco and Catalis has been prepared using policies which are consistent with those used in preparing Catalis Group's consolidated financial statements for the year ended 31 December 2018, as incorporated by reference in this document as set out in Part 12 of this document. The capitalisation and indebtedness statement below should

be read together with the rest of this document, including the Catalis Group's consolidated financial statements incorporated by reference in this document as set out in Part 12 of this document.

The following tables set out the capitalisation of Topco and the Catalis Group as at 31 December 2018 and the indebtedness of the Catalis Group as at 30 June 2019. The following tables do not reflect the impact of the Acquisition. Please refer to Part B of Part 8 of this document for an analysis of the impact of the Acquisition on the consolidated net assets of the Enlarged Group.

6.1 Capitalisation of Catalis Group ⁽¹⁾

	As at 31 December 2018 €'000
Share capital	785
Share capital – B shares	70
Share premium	20,762
Cumulative translation differences	(3,847)
Other reserve	145
Total capitalisation	<u>17,915</u>

(1) The total capitalisation above does not include retained earnings, which amounted to a deficit of €7.0 million as of 31 December 2018.

Other than i) the conversion of the outstanding loan notes from Vespa Capital LLP of €2.0 million into equity on 29 March 2019; ii) the issue of 2,730 ordinary shares in Catalis in relation to the acquisition of Runner Duck Games Limited on 14 March 2019; and iii) a capital reduction in Catalis of €20.7 million on 1 March 2019 resulting in the share premium reserve being wholly transferred to retained earnings; there has been no material change to the total capitalisation of Catalis Group since 31 December 2018.

6.2 Capitalisation of Topco

Topco was incorporated on 4 June 2019 with a share capital of ten ordinary shares of £1.00 each. Further details regarding the share capital of Topco are set out in Part 10 of this document.

6.3 Indebtedness of the Catalis Group ⁽¹⁾⁽³⁾

	(Unaudited) As at 30 June 2019 €'000
Total current debt	
Guaranteed	-
Secured ⁽²⁾	(874)
Unguaranteed/unsecured	-
	<u>(874)</u>
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed	-
Secured ⁽²⁾	(1,332)
Unguaranteed/unsecured	-
	<u>(1,332)</u>
Total indebtedness	<u><u>(2,206)</u></u>

(1) This statement of indebtedness of the Catalis Group has been extracted without material adjustment from the Catalis Group's unaudited management accounts as at 30 June 2019.

(2) Secured debt comprises current and non-current borrowings and has been stated above on an IFRS basis, and includes accrued interest of €15,500 as at 30 June 2019.

- (3) For the avoidance of doubt, derivative instruments are not included within this statement of indebtedness.
- (4) There has been no material change to the Catalis Group's total indebtedness and no contingent liabilities have arisen since 30 June 2019.

6.4 Net financial indebtedness of the Catalis Group ⁽¹⁾⁽²⁾⁽³⁾

	(Unaudited) As at 30 June 2019 €'000
Cash and cash equivalents	3,623
Trading securities	-
Liquidity	3,623
Current financial receivable	461
Current bank debt	-
Current portion of non-current bank debt	(585)
Other current financial debt ⁽⁵⁾	(289)
Current financial debt	(874)
Net current financial liquidity	3,210
Non-current bank debt	(855)
Other non-current financial debt ⁽⁵⁾	(477)
Non-current financial debt	(1,332)
Net financial liquidity	1,878

- (1) This statement of net financial indebtedness of the Catalis Group has been extracted without material adjustment from Catalis Group's unaudited management accounts as at 30 June 2019.
- (2) The Catalis Group had no indirect or contingent liabilities as at 30 June 2019.
- (3) Current financial receivable relates to a loan of €450,000 provided to Dominic Wheatley in 2015. At 30 June 2019, the interest accrued to the Catalis Group amounted to €11,000. The loan is due to be repaid on completion of the Acquisition.
- (4) Bank debt comprises current and non-current borrowings and has been stated above on an IFRS basis, and includes accrued interest of €15,500 at 30 June 2019.
- (5) Other current and non-current financial debt relates to finance leases. The net financial liquidity in the table above is presented on a basis consistent with the Catalis Group's consolidated financial statements for the year ended 31 December 2018 and does not reflect obligations arising from the adoption of IFRS 16 (*Leases*) effective 1 January 2019. It is estimated that the lease obligations would increase the indebtedness by approximately €4.0 million at 30 June 2019.

7. Borrowing and funding

Catalis' net debt position as at 31 December 2018 was €(2.4)m compared to a net debt position of €1.2m as at 31 December 2017.

As at 31 December 2018, Catalis' committed bank facilities were €1.0m (31 December 2017: €0.8m). Within this amount there is a term loan of €0.7m (2017: €0.8m) and a on demand loan of €0.3m (2017: €nil) from HSBC Bank PLC.

7.1 HBSC Bank PLC – term loan

In October 2017 a term loan repayable to KBC Bank NV was repaid in full and replaced with a term loan of €0.8m from HSBC Bank PLC. The interest rate on the fixed term loan facility is set out on

the basis of the interest rate prevailing on the Bank of England base rate at the end of each month plus a fixed margin of 3.5% per annum. The term of the loan is 3.5 years with repayments commencing April 2018.

7.2 HSBC Bank PLC – on demand loan

On 13 April 2018 Curve Digital Publishing Limited agreed a 15 month on demand loan from HSBC Bank PLC with a maximum drawdown value of £0.9m. At the end of the 15-month year the amount drawn down converted into a term loan facility repayable over 33 months with monthly capital and interest repayments. During the 15 months draw down year the loan is on an interest only basis, settled monthly. The purpose of the loan is to fund up to 60% of the development costs relating to a specific game. The interest rate on the loan is equal to 3.25% over the Bank of England base rate.

7.3 Covenants

The term loan and on demand loan are subject to a debt service coverage ratio covenant which is calculated annually and is submitted to HSBC when facilities are due to be renewed or extended with the next submission date being 30 September 2019. Catalis has satisfied the covenant criteria for the year ended 31 December 2018.

8. Selected historical information

The following financial information has been derived from the audited financial statements which are incorporated by reference as referred to in Part 12 of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

8.1 Consolidated Income Statement

The table below sets out certain consolidated income statement information of Catalis for the three years ended 31 December 2018, 31 December 2017 and 31 December 2016, prepared in accordance with IFRS.

	Year ended 31 December 2016 Unaudited €000's	Year ended 31 December 2016 Restated unaudited €000's	Year ended 31 December 2017 Unaudited €000's	Year ended 31 December 2018 Unaudited €000's
Revenue	19,369	19,017	24,605	43,428
Gross profit	n/a	n/a	n/a	19,617
Operating profit/(loss)	1,195	1,172	1,754	6,357
Impairment of intangible assets	-	-	122	-
Non-recurring administrative expenses	432	417	683	348
Adjusted EBIT	1,627	1,589	2,559	6,705
Depreciation	556	487	502	525
Amortisation	715	716	819	1,088
Adjusted EBITDA	2,898	2,792	3,880	8,318

Profit/(loss) before tax	466	815	100	5,343
Profit/loss from continuing operations	329	678	138	5,343

8.2 Condensed Consolidated Balance Sheet

The table below sets out certain consolidated balance sheet information of Catalis for the three years ended 31 December 2018, 31 December 2017 and 31 December 2016, prepared in accordance with IFRS.

	Year ended 31 December 2016 Audited €000's	Year ended 31 December 2017 Audited €000's	Year ended 31 December 2018 Audited €000's
Non-current assets	7,441	7,272	10,576
Current assets	6,528	9,492	13,819
Total assets	13,969	16,764	24,395
Current liabilities	7,347	8,679	12,880
Non-current liabilities	2,266	2,818	582
Total liabilities	9,613	11,497	13,462
Net assets	4,356	5,267	10,933

8.3 Condensed Consolidated Statement of Cash Flows

The table below sets out certain consolidated cash flow information of Catalis for the three years ended 31 December 2018, 31 December 2017 and 31 December 2016, prepared in accordance with IFRS.

	Year ended 31 December 2016 Restated Unaudited €000's	Year ended 31 December 2017 Unaudited €000's	Year ended 31 December 2018 Audited €000's
Net cash from operating activities	2,264	2,142	8,434
Net cash from/(used in) investing activities	(1,787)	(1,902)	(4,701)
Net cash from/(used in) financing activities	(635)	35	142
Net effect of currency translation	(115)	(548)	(351)
Net increase/(decrease) in cash and cash equivalents	(273)	(273)	3,524

8.4 **Related party transactions**

Details of related party transactions entered into by Catalis during the three years ended 31 December 2018, 31 December 2017 and 31 December 2016, are contained in the relevant set of annual report and accounts (which are incorporated by reference into this document) as follows:

Annual report and accounts for the year ended 31 December 2016 Note 27, pages 56-57

Annual report and accounts for the year ended 31 December 2017 Note 25, pages 53-54

Annual report and accounts for the year ended 31 December 2018 Note 26, pages 73-74

9. **Restrictions on use of capital resources**

There are no notable restrictions on the use of Catalis' capital resources.

10. **Significant change**

Save as disclosed in this document, there has been no significant change in the financial performance or financial position of the Catalis Group since 31 December 2018, being the date to which the latest audited financial statements of the Catalis Group incorporated by reference in this document (as set out in Part 12 of this document) were prepared.

11. **Additional information**

You should read the whole of this Document and not just rely on the information contained in this Part 7.

PART 8

HISTORICAL FINANCIAL INFORMATION ON CATALIS AND PRO FORMA FINANCIAL INFORMATION

Part A: Audited Consolidated Financial Statements

The audited consolidated financial statements of the Catalis Group for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018, together with the auditors' reports thereon and notes thereto are incorporated by reference into this document as set out in Part 12 of this document and available for inspection as set out in paragraph 16 of Part 10. Each of these consolidated audited financial statements was prepared in accordance with IFRS.

Part B: Unaudited pro forma financial information

The unaudited pro forma financial information for the Enlarged Group and the related notes thereto set out in this Part B of Part 8 of this document ("Pro Forma Financial Information") have been prepared on the basis set out in the notes below to illustrate the impact of the Acquisition on the net assets of the Topco Group had the Acquisition taken place as at 4 June 2019, being the date of incorporation of Topco. The Pro Forma Financial Information has been prepared in accordance with Item 3 of Appendix IV of the minimum information guidelines contained in the European Securities and Markets Authority's Technical Advice on Minimum Information Content for Prospectus Exemption dated 29 March 2019 and in a manner consistent with the accounting policies to be adopted by Topco in preparing its consolidated financial statements for the period ending 31 December 2019.

The Pro Forma Financial Information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation. It does not purport to represent what the Enlarged Group's financial position actually would have been if the Acquisition had completed on 4 June 2019, nor does it purport to represent the financial position of the Enlarged Group at any future date. It may not, therefore, give a true picture of the Enlarged Group's financial position.

The Pro Forma Financial Information does not constitute financial statements within the meaning of Section 435 of the Companies Act. Scheme Shareholders should read the whole of this document and not rely solely on the summarised pro forma financial information contained in this Part B of Part 8 of this document.

Unaudited pro forma statement of net assets as at 4 June 2019

Currency: € 000

	Net assets of the Topco Group at 4 June 2019 €000 <i>Note 1</i>	Net assets of the Catalis Group at 31 December 2018 €000 <i>Note 2</i>	Proceeds from issue of debt and equity €000 <i>Note 3</i>	Acquisition of Catalis PLC €000 <i>Note 4</i>	Pro forma net assets of the Enlarged Group at 4 June 2019 €000 <i>Note 5</i>
Assets					
Non-current assets					
Intangible assets	-	4,096	-	-	4,096
Goodwill	-	4,207	-	90,406	94,613
Property, plant and equipment	-	1,749	-	-	1,749
Other financial assets	-	524	-	(524)	-
Total non-current assets	-	10,576	-	89,882	100,458
Current assets					
Trade receivables	-	3,699	-	-	3,699
Tax and social security	-	1,120	-	-	1,120
Other receivables	-	3,574	-	-	3,574
Cash and cash equivalents	-	5,426	106,458	(106,678)	5,206
Total current assets	-	13,819	106,458	(106,678)	13,599
Total Assets	-	24,395	106,458	(16,796)	114,057
Liabilities					
Non-current liabilities					
Non-current loans	-	(582)	(106,322)	-	(106,904)
Total non-current liabilities	-	(582)	(106,322)	-	(106,904)
Current liabilities					
Current loans	-	(2,414)	-	(1,395)	(3,809)
Trade and other payables	-	(9,335)	-	-	(9,335)
Taxes and social securities	-	(1,131)	-	-	(1,131)

Total current liabilities	-	(12,880)	-	(1,395)	(14,275)
Total liabilities	-	(13,462)	(106,322)	(1,395)	(121,179)
Net Assets	-	10,933	136	(18,191)	(7,122)

Note 1: The financial information in respect of the Topco Group as at 4 June 2019 represents the share capital of Topco of £10 (being approximately €nil thousand at the exchange rate on 4 June 2019 of €1.1284:£1), as set out in paragraph 3 of Part 6 of this document.

Note 2: The financial information in respect of the Catalis Group as at 31 December 2018 has been extracted, without material adjustment, from the audited consolidated financial statements of the Catalis Group for the year ended 31 December 2018, being the latest publicly-available balance sheet date, incorporated into this document by reference.

Note 3: This adjustment reflects:

(i) Approximately £79,345,000 from the proposed issue of 8,000,000 Topco Ordinary Shares, the proposed issue of 1,900,000 Topco Sweet Equity Shares and the proposed issue of 792,237,905 Topco Preferred Ordinary Shares (being approximately €89,532,000 at the exchange rate on 4 June 2019 of €1.1284:£1), as set out in the Equity Terms Agreement (of which, approximately €89,396,000 relates to the issue of Topco Preferred Ordinary Shares and approximately €136,000 relates to the issue of Topco Ordinary Shares and Topco Sweet Equity Shares); and

(ii) the £15,000,000 acquisition loan from Tosca Debt Capital (Luxembourg) S.à r.l. under the Facilities Agreement (being approximately €16,926,000 at the exchange rate on 4 June 2019 of €1.1284:£1), as set out in paragraph 6.1 of Part 10 of this document.

The Topco Preferred Ordinary Shares and the loan under the Facilities Agreement are treated as non-current liabilities.

Note 4: This adjustment reflects:

(i) the total consideration for the Acquisition of approximately £89,808,000 as set out in paragraph 15.4 of Part 10 of the Scheme Document (being approximately €101,339,000 at the exchange rate on 4 June 2019 of €1.1284:£1);

(ii) deal costs of approximately £6,432,000 (being approximately €7,258,000 at the exchange rate on 4 June 2019 of €1.1284:£1), as set out in paragraph 14 of Part 10 of the Scheme Document;

(iii) the consideration settled through the elimination of director loans of approximately €524,000, being the director loans in the Catalis Group as at 31 December 2018;

(iv) the issue of short term loan notes of approximately £1,236,000 (being approximately €1,395,000 at the exchange rate on 4 June 2019 of €1.1284:£1), as set out in the Equity Terms Agreement; and

(v) goodwill of approximately €90,406,000, being the total consideration of approximately €101,339,000 less the net assets of the Catalis Group at 31 December 2018 of approximately €10,933,000. No fair value adjustments have been reflected in the pro forma net asset statement.

The adjustment to cash represents the net of items (i) and (ii) above less items (iii) and (iv) above.

Note 5: This column represents the sum of the preceding columns, and represents the pro forma net assets of the Enlarged Group.

Note 6: Apart from the items described above, no other adjustments have been made to reflect any trading activity, expenditures incurred, changes in equity, changes in working capital, changes in debt, recognition of assets or liabilities from the implementation of IFRS 16 (Leases) or other movements subsequent to 4 June 2019 for the Topco Group or subsequent to 31 December 2018 for the Catalis Group.

Unaudited pro forma profit and loss

A pro forma statement of financial performance for the Enlarged Group has not been presented for the period to 4 June 2019. The Directors believe that had the Acquisition occurred at 5 June 2018, the profit before tax of the Enlarged Group would have been approximately €10.6 million lower than the profit before tax of €5.5 million for the Catalis Group for the year ended 31 December 2018, as shown in the audited consolidated financial statements of the Catalis Group for the year ended 31 December 2018 incorporated by reference into this document, due to the impact of recognising interest on the loan under the Facilities Agreement, dividends on the Topco Preferred Ordinary Shares and the interest on the short term loan note.

Part C: Accountant's report on the unaudited pro forma financial information



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9 September 2019

Dear Sir/Madam

[Project Sword Topco Limited – Report On Pro Forma Financial Information](#)

We report on the pro forma financial information (the **Pro Forma Financial Information**) set out in Part B of Part 8 of Project Sword Topco Limited's (the **Company**) exempted document dated 9 September 2019 (the **Exempted Document**), which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the acquisition of Catalis PLC might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company in preparing its financial statements for the period ending 31 December 2019.

This report is given for the purpose of complying with Item 3.1 of Appendix IV of the European Securities and Markets Authority's Technical Advice on Minimum Information Content for Prospectus Exemption dated 29 March 2019 (the **ESMA Guidelines**), and for no other purpose.

Responsibilities

It is the responsibility of the directors and proposed directors of the Company (the **Directors**) to prepare the Pro Forma Financial Information in accordance with Item 3.1 of Appendix IV of the ESMA Guidelines.

It is our responsibility to form an opinion, as required by Item 3.1 of Appendix IV of the ESMA Guidelines, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

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 Item 3.1 of Appendix IV of the ESMA Guidelines, consenting to its inclusion in the Exempted Document.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

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. The work that we performed for the purpose of making this report,

which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or the Federal Republic of Germany and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- a the Pro Forma Financial Information has been properly compiled on the basis stated; and
- b such basis is consistent with the accounting policies of the Company.

Declaration

We are responsible for this report as part of the Exempted 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 Exempted Document in compliance with Item 1.2 of Appendix II of the ESMA Guidelines.

Yours faithfully

GRANT THORNTON UK LLP

PART 9

OPERATING AND FINANCIAL REVIEW OF CATALIS

The following is a discussion of the Catalis Group's results of operations and financial condition. This section should be read together with the whole of this document, including the section titled "Risk Factors" and the documents incorporated by reference as set out in Part 12, and readers should not just rely on the key or summarised information contained in this Part 9.

This Part 9 contains "forward-looking statements". Those statements are subject to risks, uncertainties and other factors that could cause the Catalis Group's future results of operations or cash flows to differ materially from the results of operations or cash flows expressed or implied in such forward-looking statements. Readers of this document should consider the section on "Cautionary note on forward-looking statements" in paragraph 2 of Part 3.

The following operating and financial review should be read in conjunction with the historical financial information incorporated by reference as set out in Part 12 of this document and the other financial information relating to Catalis included elsewhere in this document.

This review contains forward-looking statements based on the current expectations and assumptions about the Catalis Group's future business. Such statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance. The actual investment performance, results of operations, financial condition and dividend policy of the Topco Group and/or Catalis Group, as well as the development of its financing strategies, may differ materially from the impression created by the forward-looking statements contained herein as a result of certain factors including, but not limited to, those discussed in the "Risk Factors" section of this document.

Unless otherwise stated, the selected financial information discussed in this Part 9 has been extracted without material adjustment from the audited consolidated financial statements of the Catalis Group as at, and for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018, which have been prepared in accordance with IFRS.

1. **Overview**

The Catalis Group provides a range of testing, development and publishing services to the video games market and QA services to the FTV markets. The Catalis Group comprises two divisions: (i) the Publishing Division, which includes Curve, a publisher of independent video games for console and PC, and Kuju, a video games development studio; and (ii) the Testing Division, which includes Testronic, a quality assurance service provider to the video games and FTV markets.

For the year ended 31 December 2018, the Catalis Group had revenue of €43.4 million (2017: €24.6 million, 2016: €19.0 million) and Adjusted EBITDA of €8.3 million (2017: €3.9 million, 2016: €2.8 million).

2. **Key Performance Indicators**

Catalis monitors its financial performance against a number of different benchmarks, outlined below, which are agreed by the Catalis Board and used to evaluate progress against Catalis' agreed strategy.

2.1 Revenue growth

Revenue growth is measured by Division and overall against the Catalis Board's strategic goal to grow both organically and through acquisitions.

2.2 Gross profit

Gross profit is a key measure of the Catalis Group's pricing strategies, use of resources and its ability to optimise resource utilisation within the Testing Division. Whilst in the Publishing Division, gross profitability reflects the Catalis Group's ability to manage the level of investment in the development of games, and effectively market and promote the product.

2.3 Operating costs

The Catalis Board monitors the overheads to ensure the operating costs of the Catalis Group are in line with the level of business being generated.

3. Adjusted EBITDA

The following table sets out an overview of Adjusted EBITDA, providing a reconciliation from operating profit:

Currency: €m	2016 Unaudited	2017 Unaudited	2018 Unaudited
Operating profit	1.2	1.8	6.4
Non-recurring items	0.4	0.7	0.3
Depreciation, amortisation and impairment of intangible fixed assets	1.2	1.4	1.6
Adjusted EBITDA	2.8	3.9	8.3
Adjusted EBITDA %	15%	16%	19%

4. Significant factors affecting the Catalis Group's results and outlook

4.1 Availability and performance of games

The development and publishing of video games has been and will continue to be critical to the success of the Catalis Group. The Publishing Division has benefitted from the continued success of Human: Fall Flat – the Catalis Group's first pillar title – and the release of several other titles which performed strongly. Human: Fall Flat was launched on PC in 2016 and generated revenues of €0.3 million in 2016, €5.0 million in 2017 and €17.0 million in 2018. Other notable revenue generating titles in the period were Bomber Crew and For the King.

Since 2016, there have been 17 games released across multiple platforms, including PC and console (eight in 2016, four in 2017 and five in 2018).

The Catalis Group signs exclusive contracts with developers to publish games and subsequent additional downloadable content. These contracts also typically cover concurrent or subsequent release into additional geographies and on additional platforms. As a result, games can generate revenue for many years after the initial launch resulting in revenue from both new games and back catalogue titles being recognised in any given year. The performance of titles across the portfolio, the revenue share with developers and the success of promotional activity, has a direct impact on the Publishing Division's gross margins.

4.2 Customer activity and testing demand

Demand for the Catalis Group's quality assurance and testing offering can vary due to factors outside of the Catalis Group's control, since demand is driven by title releases which themselves are subject to delays and/or changes in release schedules.

The Testing Division has a higher visibility of future revenue than the Publishing Division, due to the strength of its relationships with major customers and knowledge of customers' development pipelines.

The Testing Division has successfully broadened the customer base and seeks to provide a high quality service to its clients. The success of this strategy is reflected by revenue attributable to the top 10 customers as a percentage of total Testing Division revenue declining from 67 per cent. in 2016, to 57 per cent. in 2017 and 52 per cent. in 2018. This reduction in customer concentration is expected to continue.

4.3 Product and revenue mix, and margin

The Catalis Group's product mix and revenues have changed during the previous three years, as a result of the rapid growth of the Publishing Division.

The Catalis Group's gross margin has decreased to 45 per cent. in 2018 (2016: 59 per cent.; 2017: 52 per cent.), as a result of a greater proportion of revenue being contributed by the Publishing Division which tends to operate at a lower gross margin than the Testing Division (which has continued to operate at a relatively consistent, and higher, margin), due to royalties payable to developers and amortisation of capitalised development costs.

Adjusted EBITDA margin however, has increased to 19 per cent. in 2018 (2016: 15 per cent.; 2017: 16 per cent.) as central costs have not increased in line with revenues, primarily due to the increasing contribution from the Publishing Division which has had several notable successes (for example, Human: Fall Flat), and the fact that increased revenue from published games does not require a commensurate increase in central costs.

4.4 Competition

The ongoing success of the Catalis Group depends on the Testing Division's ability to continue to offer high quality testing services at competitive market rates, in addition to the Publishing Division continuing to publish and develop market leading video games content.

The Catalis Group continuously monitors the overall competitive environment, to ensure that its service quality, approach to testing and pricing remain competitive in the context of the current market landscape.

4.5 Staff costs

Staff costs are a major component of the Catalis Group's cost base, with wages and salaries of €16.5 million in 2018 (€9.2 million within cost of sales and €7.3 million within administrative expenses), compared to €12.3 million in 2016 (€6.5 million within cost of sales and €5.8 million within administrative expenses). Those included within cost of sales primarily relate to the Testing Division, with employees that sit within the Publishing Division included in administrative expenses. The increase in staff costs is due to the increase in the average number of employees from 320 in 2016, to 424 in 2018, predominantly driven by increased headcount within the Testing Division.

In addition to the staff costs shown in the Catalis Group's Income Statement, certain third-party staff costs are capitalised as part of the Catalis Group's overall expenditure on the development of video games. This occurs in situations where, in the opinion of the Catalis Board, the Catalis Group's expenditure in this respect is likely to result in future economic benefits being derived by the Catalis Group. These costs (which include staff costs and directly attributable overheads) are capitalised and amortised over the useful economic life of an asset/video game title (as applicable); usually over a two year period.

4.6 Capital expenditure

The Catalis Group invests in the development of both third-party titles and licenced products. In 2018 the Catalis Group announced licensing agreements to develop and release video games relating to the Peaky Blinders and Narcos television franchises.

Total expenditure relating to game development of €3.8 million was capitalised in 2018 (2016: €1.1 million; 2017: €1.2 million). A significant amount of the expenditure incurred during 2018 is in respect of games that are to be released in 2019 and beyond.

In addition to capitalised development costs, the Catalis Group has also acquired €0.9 million of buildings and machinery (2016: €0.6 million; 2017: €0.6 million). This primarily relates to the expansion of the Warsaw office, which focusses on the provision of services by the Testing Division.

These increases in capital investment have increased depreciation and amortisation from €1.3 million in 2016, to €1.6 million in 2018.

4.7 Research and development

The Catalis Group does not undertake significant research and development, with €0.1m at cost with a €nil net book value included in the balance sheet for the year ended 31 December 2018, in relation to the enhancement of a game engine that is used in the production of video games.

4.8 Growth in video games market

The Catalis Group predominantly operates in the high growth video games markets. The Catalis Group's future success in these markets is dependent upon the ability to publish successful games and to continue to generate revenue by testing titles for its customers.

For further details of the growth in the video games market, see paragraph 2 of Part 7 of this document.

4.9 Exchange rate fluctuations

The Catalis Group's accounts are denominated in Euro (€). Certain investments of the Catalis Group are in currencies other than the Euro, such as sterling. Similarly, a major part of the revenue from the Publishing Division is received from customers in US dollars, whilst costs are incurred by the Catalis Group in US dollars, these tend to be lower than the US dollar revenues generated. Additionally, certain expenses of the Catalis Group, including organisational and operating expenses and the fees of directors and service providers, have been and will continue to be incurred in currencies other than the Euro.

Accordingly, the Catalis Group is at risk and potentially liable for any gain or loss incurred as a result of exchange rate fluctuation, when such investments are realised, when funds are received, or expenses are paid. The impact of foreign exchange translations resulted in a reported gain of €0.2 million in 2016, and reported losses of €1.0 million in 2017 and €0.1 million in 2018.

To mitigate the risk of currency fluctuations the Catalis Group has adopted a hedging strategy and entered into forward contracts and/or participating forwards to provide certainty of earnings.

4.10 Finance costs

The Catalis Group has historically incurred finance costs primarily in respect of a convertible loan note due to Vespa Capital, the interest rate on which increased to 30 per cent. in its final year to maturity (April 2018 to March 2019), compared to 10 per cent. prior to April 2018. The Vespa Capital loan note was converted into equity in March 2019, and as a result these interest costs are no longer payable.

Also included within finance costs is a project finance loan which has been provided by HSBC Bank PLC in respect of the Narcos video game. The terms of this loan are presented in paragraph 5.1.2 of Part 10 of this document.

4.11 Tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Due to a history of taxable losses, Catalis estimates that no taxable profits will be available in the foreseeable future. There were no deferred tax assets or liabilities recognised in 2017 or 2018. After the processing of the tax

result for the year ended 31 December 2018, the tax losses currently amount to approximately €19.7 million (31 December 2017: €26.3 million), of which €4.5 million (31 December 2017: €1.2 million) relates to the Netherlands (expires in 2020). €14.8 million (31 December 2017: €24.0 million) relates to the United Kingdom and €0.4 million (31 December 2017: €1.1 million) relates to the USA. The UK losses can be carried forward indefinitely and in the Netherlands the time frame for compensation is nine years. In the US losses can be carried forward for more than 10 years.

4.12 **Video Games Tax Relief**

Video Games Tax Relief (“**VGTR**”) is a tax relief that supports the development of video games in the UK which was introduced in 2014. VGTR is part of a wider creative sector tax relief which seeks to incentivise investments into UK inventions or productions that may otherwise take place outside of the country, and to promote the long-term sustainability of technology, skills and infrastructure. The Catalis Group received VGTR credits of €0.9 million in 2016, €1.3 million in 2017 and €1.1 million in 2018. The change in VGTR is predominantly driven by the amount of qualifying eligible costs incurred to publish games in the Publishing Division and timing of claims.

The Catalis Group expects to further benefit from this relief in future years.

4.13 **Brexit**

The (proposed) withdrawal of the United Kingdom from the European Union, and the political process associated with it has resulted in significant political and economic uncertainty in the United Kingdom. The Catalis Group has been impacted due to currency fluctuations and general economic indecisiveness however, because a majority of revenues are consistently generated outside of the UK and given the overall strength of the global video games market Brexit has not had a significantly negative effect on the Catalis Group’s results of operations and revenue.

5. **Significant accounting policies**

The Catalis Group’s discussion and analysis of its financial condition and results of operations is based upon its consolidated financial statements, which have been prepared in accordance with IFRS. Financial results are sensitive to the accounting methods, assumptions and estimates that underlie the preparation of financial statements generally. The Catalis Group makes estimates based on historical experience and on various other assumptions, which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and may be affected by different assumptions or conditions.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. Catalis believes the following critical accounting policies involve the most significant judgments and estimates used in the preparation of the Catalis Group’s consolidated financial statements.

5.1 **Revenue recognition**

As the Catalis Group generates revenues from different areas and deal structures, the recognition of such revenues has been considered separately. For the Publishing Division, revenue arises from royalty income and game development. For the Testing Division, revenue arises from the provision of hardware and software testing services in the Games and Film & TV sectors. To determine whether to recognise revenue, the Catalis Group follows a five-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

In the Publishing Division, where revenue is derived from variable royalty payments, revenue is recognised from the point when the game is approved for publication by the distributor, is available for third parties to download from the on-line store and a sale is made by the distributor to the end

user. This is when the performance obligation is satisfied by transferring the promised goods and services to the customer. Under IFRS 15, royalty revenues are considered to be variable and the Catalis Group has a right to the consideration from the customer in an amount that corresponds directly with the value to the customer of the Catalis Group's performance completed to date. As such, the Catalis Group has elected to recognise revenue in the amount to which the Catalis Group has a right to invoice. For the game development sector revenue is recognised on a time and materials basis as the services are provided. Customers are invoiced monthly as work progresses. Any amounts unbilled at the end of a reporting year are presented in the statement of financial position as accounts receivable as only the passage of time is required before payment of these amounts will be due. Revenue is therefore recognised in the Publishing Division at a point in time rather than over time.

The Testing Division derives revenue from the provision of hardware and software testing services to the Games and Film & TV sectors. Revenue from these services is recognised on a time and materials basis as the services are provided. Customers are invoiced monthly as work progresses. Any amounts unbilled at the end of a reporting year are presented in the statement of financial position as accounts receivable as only the passage of time is required before payment of these amounts will be due. Revenue is therefore recognised in the Testing Division at a point in time rather than over time.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Catalis Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Catalis Group.

5.2 **Video games tax relief**

VGTR is recognised where management believe that a tax credit will be recoverable based on their experience of obtaining the relevant certification and the success of similar historical claims. The Catalis Group expects to further benefit from this relief in future years. To reflect the substance of these credits to the Catalis Group, amounts receivable for this tax relief are deducted from cost of sales in the consolidated statement of comprehensive income.

5.3 **Development costs**

Development costs relating to computer game development include staff time and direct materials. Costs are carried forward and amortised over the life of the game, typically two years in a ratio of 70:30, commencing in the month of the game's release, when the Catalis Group starts to benefit from the expenditure and in line with the inflows of future economic benefits expected to flow to the Catalis Group. Development costs are reviewed by Catalis at least on an annual basis to identify any projects that do not meet the criteria for continued capitalisation and additional amortisation is recognised in the income statement. The key judgement in relation to development costs is the useful life of a game, currently held to be two years, and subsequent carrying value.

6. **IFRS 16 – "Leases"**

IFRS 16 replaces IAS17 and specifies how leases are recognised, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is endorsed by the EU. The Catalis Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

IFRS 16 is expected to have a material impact on the amounts recognised in the Catalis Group's Consolidated Financial Statements. On adoption of IFRS 16, the Catalis Group will recognise within the consolidated statement of financial position a right of use asset and lease liability for all applicable leases. Within the income statement, operating lease rentals payable will be replaced by depreciation and interest expense. This will result in an increase in operating profit and an increase in finance costs. The standard will also impact a number of statutory measures such as operating profit, and cash generated from operations, and alternative performance measures used by the Catalis Group. The full impact of IFRS 16 is currently under review, including understanding the practical application of the principles of the standard. IFRS 16 will become effective in the Catalis Group's financial year 2019.

For further information on IFRS 16, please see Note 1 of the Financial Statements in the 2018 Annual Report.

7. **Off-balance sheet items**

The Catalis Group has no off-balance sheet arrangements.

8. **Description of key line items**

Set out below is a brief description of the Catalis Group's key income statement line items.

8.1 **Revenue**

The Catalis Group's revenue is derived from two divisions:

- Testing Division: this revenue relates to the provision of hardware and software testing services in the Games and Film and TV (FTV) sectors; and
- Publishing Division: this relates to sales revenue less platform fees.

When the Catalis Group shares royalties revenue with its developers, the developer's share of such revenue is included in cost of sales as a royalty payable, based on the publishing division share of revenue less platform fees.

8.2 **Cost of sales**

Cost of sales principally comprises:

- Personnel costs in respect of the Testing Division;
- Video Games Tax Relief (VGTR) credits in respect of the Publishing Division;
- Developer royalty shares, as detailed above; and
- Amortisation in respect of capitalised development costs.

Internally generated intangible assets are amortised on a straight-line basis. The expected useful lives vary from two to five years. Currently, the useful lives of all intangible assets are (except for goodwill) estimated to be finite.

8.3 **Administrative expenses**

Administrative expenses primarily comprise personnel costs, IT costs, establishment costs, and depreciation.

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed on a straight-line basis over the estimated useful lives. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement. The rates used to write off the cost, less the residual value over useful economic lives of the various categories of tangible fixed assets are:

- Buildings & Machinery: 15 per cent. – 33 per cent.
- Fixtures & Fittings: 14 per cent. – 25 per cent.
- Other fixed assets: 20 per cent. – 50 per cent.
- Leasehold improvements: lease term

8.4 **Finance costs**

Finance costs primarily relate to the interest costs in respect of the convertible loan notes, which were converted to equity on 31 March 2019.

Other financing costs relate to interest payments in respect of a term a loan and an on demand loan, both facilitated by HSBC Bank PLC.

8.5 Taxation

Current income tax assets and liabilities for current and prior years are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

Deferred income tax is calculated using the statement of financial position liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised for deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the unused tax losses can be utilised.

9. Results of operations

The following table sets out, for the years ended 31 December 2016, 2017 and 2018, the Catalis Group's revenue and expense items.

The financial results for the year ended 31 December 2016 were restated in the year ended 31 December 2017 statutory accounts in order to exclude discontinued operations. Therefore, the analysis within this document has been performed using the restated financial results. The below table presents both the audited and restated financial results for the year ended 31 December 2016.

Currency: € 000	2016 Audited	2016 Restated unaudited	2017 Audited	2018 Audited
Revenue	19,369	19,017	24,605	43,428
Cost of sales	n/a	n/a	n/a	(23,811)
Gross profit	n/a	n/a	n/a	19,617
Administrative expenses	n/a	n/a	n/a	(13,260)
Operating profit	1,195	1,172	1,754	6,357
Interest expense	(411)	(372)	(360)	(708)
Other financial expense	(140)	(140)	(302)	(78)
Currency differences	(178)	155	(992)	(88)
Profit before taxation	466	815	100	5,483
Taxation	(137)	(137)	38	(140)
Profit from continuing operations	329	678	138	5,343
Profit from discontinued items, net of tax	-	(349)	414	-
Profit attributable to shareholders	329	329	552	5,343
Earnings per share (€) attributable to shareholders				
Basic	0.47	0.47	0.76	6.84
Diluted	0.46	0.46	0.73	6.82

The profit and loss statement in the statutory accounts for the years ended 31 December 2016 and 2017 did not present gross profit, with this being introduced in the statutory accounts for the year ended 31 December 2018. The below table presents unaudited gross profit prepared by Catalis for the years ended 31 December 2016 and 2017 and audited gross profit for the year ended 31 December 2018.

Currency: € 000	2016 Unaudited	2016 Restated unaudited	2017 Unaudited	2018 Audited
Revenue	19,369	19,017	24,605	43,428
Cost of sales	n/a	(7,773)	(11,928)	(23,811)
Gross profit	n/a	11,244	12,677	19,617
Administrative expenses	n/a	(10,072)	(10,923)	(13,260)

Operating profit	1,195	1,172	1,754	6,357
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10. Comparison of results of operations for the years ended 31 December 2016, 2017 and 2018

10.1 Revenue

During the period under review, the Catalis Group's total revenue increased from €19.0 million in 2016 to €24.6 million in 2017, an increase of €5.6 million, 29 per cent., and a further €18.8 million, 76 per cent., to €43.4 million in 2018.

The increase was primarily driven by growth experienced in the Publishing Division, as a result of the continued success of Human: Fall Flat, in addition to growth in the Testing Division following the onboarding of new games customers and an increase in the volume of testing required by existing customers.

The following table sets out the revenue for each of the Catalis Group's revenue categories for the years ended 31 December 2016, 2017 and 2018 and their percentage of total revenue:

Currency: € 000	2016 Restated unaudited		2017 Audited		2018 Audited	
Testing	15,270	80%	14,627	59%	20,456	47%
Publishing	3,747	20%	9,978	41%	22,972	53%
Total revenue	19,017	100%	24,605	100%	43,428	100%

10.2 Testing

Testing revenue decreased from €15.3 million in 2016 to €14.6 million in 2017, a decrease of €0.7 million, 5 per cent., and increased by €5.9 million, 40 per cent., to €20.5 million in 2018. The decrease from 2016 to 2017 was predominantly in relation to the FTV service line, which recovered in 2018 due to the successful integration of new revenue streams in FTV. Games revenue decreased in 2017, due to a key client project slipping from 2017 into 2018. Revenue growth in 2018 was experienced across both FTV and Games.

10.3 Publishing

Publishing revenue increased from €3.7 million in 2016 to €10.0 million in 2017, an increase of €6.3 million, 170 per cent., and further increased by €13.0 million, 130 per cent., to €23.0 million in 2018. A major contributor to the revenue increase was the success of the PC online version of Human: Fall Flat, which launched in November 2017.

10.4 Revenue by geography

The following table shows the Catalis Group's revenue by geography for the years ended 31 December 2016, 2017 and 2018 and as a percentage of total revenue:

Currency: € 000	2016 Restated unaudited		2017 Unaudited		2018 Audited	
UK	4,884	26%	4,366	18%	8,645	20%
Europe - other	2,754	14%	4,170	17%	6,317	15%
Rest of the World	11,379	60%	16,069	65%	28,466	66%
Total revenue	19,017	100%	24,605	100%	43,428	100%

Revenues are attributed based on the location of the customer.

For the year ended 31 December 2018, revenues from five major customers accounted for 47 per cent. of total revenues. Four of these customers relate to the Publishing Division and one relates to the Testing Division. For the year ended 31 December 2017, revenues from five major customers

accounted for 38 per cent. of total revenues. One of these customers related to the Testing Division and four related to the Publishing Division.

10.5 Cost of sales

Cost of sales increased from €7.8 million in 2016 to €11.9 million in 2017, an increase of €4.1 million, 53 per cent., and further increased by €11.9 million, 100 per cent., to €23.8 million in 2018.

The following table sets out the Catalis Group's cost of sales by category for the years ended 31 December 2016, 2017 and 2018 and as a percentage of total:

Currency: € 000	2016		2017		2018	
	Restated		Unaudited		Audited	
	unaudited					
Wages and salaries	6,512	84%	6,891	58%	9,243	39%
Video Games Tax Relief	(924)	-12%	(1,348)	-11%	(1,057)	-4%
Other cost of sales	1,469	19%	5,444	46%	14,552	61%
Amortisation of capitalised development costs	716	9%	941	8%	1,073	5%
Cost of sales	7,773	100%	11,928	100%	23,811	100%

Wages and salaries increased from €6.5 million in 2016, to €6.9 million in 2017, an increase of €0.4 million, 6 per cent., and increased by €2.3 million, 33 per cent, to €9.2 million in 2018. These relate to testers that are billed to clients in the Testing Division and the number has increased in order to support the growth experienced in the division.

Video Games Tax Relief increased from €0.9 million in 2016, to €1.3 million in 2017, an increase of €0.4 million, 44 per cent., and decreased by €0.2 million, 15 per cent, to €1.1 million in 2018. These relate to the Publishing Division and are uneven across the periods as they were initially being cash accounted by the Catalis Group but then changed to an accruals basis in 2017. Furthermore, qualifying eligible expenditure has been increasing as development spend has increased in the Publishing Division in games.

Other cost of sales increased from €1.5 million in 2016, to €5.4 million in 2017, an increase of €3.9 million, 260 per cent., and increased by €9.1 million, 170 per cent., to €14.6 million in 2018. These primarily relate to the Publishing Division, and mostly comprise developer royalty shares of net revenue, which have driven the growth, and are related to the increased revenues.

10.6 Gross profit

The Catalis Group's gross profit increased from €11.2 million in 2016, to €12.7 million in 2017, an increase of €1.5 million, 13 per cent., and increased by a further €6.9 million, 54 per cent, to €19.6 million in 2018. The increase during the period resulted from the Catalis Group's ability to grow revenues with a higher gross profit margin such as through the publishing of new games, and the mix of services within the testing division.

10.7 Administrative expenses

Administrative expenses increased from €10.1 million in 2016, to €10.9 million in 2017, an increase of €0.8 million, 8 per cent., and increased by a further €2.4 million, 22 per cent, to €13.3 million in 2018. The increase during the period was primarily as a result of the increase in the average number of employees, recruited in order to manage and support the growth of the Catalis Group during the period.

The following table sets forth the Catalis Group's administrative expenses by category for the years ended 31 December 2016, 2017 and 2018 and as a percentage of total revenue:

Currency: € 000	2016	2017	2018
	Restated	Unaudited	Audited
	unaudited		
Personnel costs	5,773	6,010	7,273

Other administrative expenses:

Sales and marketing	545	609	362
Advisory costs	950	747	1,086
IT costs	487	666	1,074
Depreciation of tangible fixed assets	487	502	540
Operating lease payments	428	557	691
Establishment costs	688	689	906
Other	714	1,143	1,328
Administrative expenses	10,072	10,923	13,260

The following table sets out the Catalis Group's average number of employees from continuing operations by territory for the periods indicated:

Average number of employees	2016 Audited	2017 Audited	2018 Audited
Netherlands	1	1	-
Poland	143	188	261
United Kingdom	142	101	130
United States	34	38	33
Total	320	328	424

10.8 Adjusted EBITDA

Adjusted EBITDA increased from €2.8 million in 2016 to €3.9 million in 2017, an increase of €1.1 million, 39 per cent., and increased by €4.4 million, 113 per cent., to €8.3 million in 2018.

The increase in Adjusted EBITDA during the period under review was as a result of the improved financial and operational performance of the Catalis Group as set out above.

10.9 Interest expenses

The Catalis Group's interest expenses remained at €0.4 million in 2016 and 2017, and increased to €0.7 million in 2018, an increase of €0.3 million. This increase was driven by interest costs in relation to the convertible loan notes increasing to 30 per cent. in its final year to maturity (April 2018 to March 2019), compared to 10 per cent. prior to that.

10.10 Catalis Group profit before tax

As a result of the foregoing factors, profit before tax decreased from a profit of €0.8 million in 2016 to a profit of €0.1 million in 2017, a decrease of €0.7 million, and increased by €5.4 million, to €5.5 million in 2018.

10.11 Taxation

The Catalis Group recognised a tax charge of €0.1 million in 2016 and 2018, and a tax credit of €0.0 million in 2017. After the processing of the tax result for the year ended 31 December 2018, the tax losses amount to approximately €19.7 million.

10.12 Catalis Group profit for the year

Catalis Group profit for the year from continuing operations decreased from €0.7 million in 2016 to €0.1 million in 2017, a decrease of €0.6 million, and increased to €5.3 million in 2018.

Eliminating the contribution of the discontinued operations of Kuju Entertainment Ltd, which entered a Creditors Voluntary Liquidation in the year to 31 December 2017, Catalis Group profit increased from €0.3 million in 2016, to €0.6 million in 2017, an increase of €0.3 million, and increased by €4.8 million, to €5.3 million in 2018.

11. Liquidity and Capital Resources

The Catalis Group requires cash to fund its operations and the principal uses of cash have been for working capital and the investment in games. To date, the Catalis Group has financed its operations primarily from cash flows from its operations.

11.1 Liquidity

As at 31 December 2016, 31 December 2017 and 31 December 2018, the Catalis Group had cash and cash equivalents of €2.2 million, €1.9 million and €5.4 million respectively.

11.2 Cash flows

The following table sets out cash flows of the Catalis Group for the periods indicated:

	2016	2017	2018
	Restated	Unaudited	Audited
	unaudited		
Currency: € 000			
Net cash generated from operating activities	2,264	2,142	8,434
Net cash used in investing activities	(1,787)	(1,902)	(4,701)
Net cash used in financing activities	(635)	35	142
Net effect of currency translation	(115)	(548)	(351)
Net increase / (decrease) in cash and cash equivalents	(273)	(273)	3,524
Cash and cash equivalents at beginning of year	2,447	2,174	1,901
Cash and cash equivalents at end of year	2,174	1,901	5,425

11.2.1 Net cash flows provided by operating activities

The Catalis Group generated net cash flow from operating activities of €2.3 million, €2.1 million and €8.4 million in the years ended 31 December 2016, 2017 and 2018, respectively. The 5.4 per cent. decrease in cash from operating activities in 2017 compared to 2016 was primarily attributable to movements in working capital. The 293.7 per cent. increase in cash from operating activities in 2018 compared to 2017 was primarily attributable to the success of Human: Fall Flat but also due to the performance of other titles from the Publishing Division and the improvement in the Testing Division's trading performance.

11.2.2 Net cash used in investing activities

Net cash used in the Catalis Group's investing activities was €1.8 million, €1.9 million and €4.7 million in the years ended 31 December 2016, 2017 and 2018, respectively. The Catalis Group's net cash used in investing activities has primarily consisted of capitalised development costs in the Publishing Division as well as property, plant and equipment. The substantial increase in cash used in investing activities in 2017 as compared to 2016 was primarily the result of an increase in capitalised development costs. The substantial increase in cash used in investing activities in 2018 as compared to 2017 was primarily the result of an increase in the amount of investment into games as the Publishing Division intends to start publishing games of a higher quality and price which require higher levels of upfront development spend.

11.2.3 Net cash used in financing activities

The Catalis Group incurred losses from financing activities of €0.6 million and generated net cash from financing activities of €0.0 million and €0.1 million in the years ended 31 December 2016, 2017 and 2018, respectively. The Catalis Group's financing activities principally comprise funding from and repayments of bank and other loans. The decrease in cash used in financing activities in 2017 as compared to 2016 was primarily due to new debt and equity funding received. The increase in cash generated by the Catalis Group from

financing activities in 2018 as compared to 2017 was primarily due to a reduction in loan repayments.

11.2.4 Net effect of currency translation

The Catalis Group incurred losses from currency translation of €0.1 million, €0.5 million and €0.4 million in the years ended 31 December 2016, 2017 and 2018, respectively.

12. Capital expenditure and investments

The following table sets out the Catalis Group's capital expenditure for the periods indicated:

Intangible assets

Currency: € 000	2016 Audited	2017 Audited	2018 Audited
Downloadable self-published games	1,104	1,203	3,778
Software	-	-	4
Total	1,104	1,203	3,782

Tangible assets

Currency: € 000	2016	2017	2018
Buildings and machinery	633	612	917
Furniture and fittings	4	5	-
Other fixed assets	12	16	2
Total	649	633	919

The Catalis Group's total net capital expenditure increased from €1.8 million to €1.8 million in 2017 and increased in 2018 to €4.7 million. The increase in expenditure in 2017 and 2018 was primarily due to increased capital development costs incurred developing new games.

13. Quantitative and Qualitative Disclosures about Market Risk

The Catalis Group is exposed to interest rate risk, credit risk, liquidity risk and currency risk. The risk management policies employed by the Catalis Group to manage these risks are discussed below:

13.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Catalis Group to fair value interest rate risk. The interest rate on the fixed term loan from HSBC Bank PLC is set on the Bank of England base rate plus a fixed margin of 3.5 per cent. per annum. The interest rate on an on demand loan from HSBC Bank PLC is equal to 3.25 per cent. over the Bank of England Base rate. The interest rate on the Genussrechte facility was 6 per cent. per annum plus a profitability linked interest margin of up to 3% dependent on earnings and the loan was fully settled during 2018. The Catalis Group mitigates interest rate risk by reviewing its borrowings regularly to achieve the most appropriate balance between fixed and variable rate loan arrangements.

13.2 Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. Significant credit is only extended to customers who are deemed credit worthy and credit checks are performed on all customers. Trade receivables consist of a large number of customers.

13.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The management boards of the Catalis Group have produced budgets and cash flow forecasts which have

been used by the Catalis Directors to forecast cash flows for the Catalis Group for the next twelve months.

13.4 Currency risk

The Catalis Group is exposed to currency risks due to exchange rate fluctuations in connection with the activities denominated in foreign currencies and other foreign currency transactions. The currency risks mentioned exist in particular with respect to the exchange rate between the US Dollar, British Pound Sterling, Euro and Polish Zloty. Risks in connection with other foreign currencies are only of minor significance. Currency risks are mitigated by entering into currency forward contracts where appropriate. At 31 December 2018 and 31 December 2017 there were no outstanding hedging contract obligations.

13.5 Capital Risk Management

The Catalis Group manages its capital to ensure that entities in the Catalis Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity ratio. The capital structure of the Catalis Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

14. Current outlook and prospects

Trading across the Publishing Division and the Testing Division and for the Catalis Group as a whole for the period from 31 December 2018 was consistent with the Board's expectations.

Operationally, the Catalis Group has made progress in a number of areas since 31 December 2018:

- Curve has released a number of titles, including American Fugitive, which have all performed in line with the Directors' expectations;
- Human: Fall Flat continues to perform strongly
- Curve has announced exclusive publishing contracts for a number of titles including Just Die Already and Snake Pass 2;
- The Testing Division has continued to experience strong demand across both Games and FTV, and has expanded its geographical footprint; and
- Catalis acquired a new games studio, Runner Duck Games Limited, who developed the award-winning title Bomber Crew. The acquisition of Runner Duck Games Limited represents the first in a strategy to acquire own IP.

Save as set out in this document, there has been no significant change in the financial or trading position of the Catalis Group since 31 December 2018, being the date to which the audited historical financial information (as incorporated by reference into this document as set out in Part 9) has been prepared.

PART 10

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Directors and the Proposed Directors, whose names appear in paragraph 2 of Part 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Proposed Directors (having 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.

2. Topco and the Enlarged Group

- 2.1 The principal laws and legislation under which Topco operates and the Topco Shares and Topco Sweet Equity Shares have been created are the Companies Act and regulations made under that Act.
- 2.2 Following completion of the Acquisition, Topco will be the ultimate holding company of the Enlarged Group, and would have the following significant subsidiaries and undertakings, being those considered by Topco to be likely to have a significant effect on the assessment of the assets and liabilities, financial position and/or profits and losses of the Enlarged Group:

Name	Place of incorporation	Percentage ownership interest by the Topco Group	Principal activity
Midco 1	England and Wales	100	Holding company
Midco 2	England and Wales	100	Holding company
Bidco	England and Wales	100	Holding company
Catalis	England and Wales	100	Holding company
Attack Games Ltd	England and Wales	100	Games developer
Catalis Development Services Ltd	England and Wales	100	Holding company
Curve Digital Entertainment Ltd	England and Wales	100	Holding company
Curve Digital Publishing Ltd	England and Wales	100	Games publisher
Doublesix Digital Publishing Ltd	England and Wales	100	Games publisher
Headstrong Games Ltd	England and Wales	100	Dormant
Kuju Ltd	England and Wales	100	Games developer
Kuju Entertainment Ltd	England and Wales	100	In liquidation
Kuju Games Development One Ltd	England and Wales	100	Games developer
Kuju Sheffield Ltd	England and Wales	100	Dormant
Simis Ltd	England and Wales	100	Dormant
Testronic Laboratories Ltd	England and Wales	100	Quality assurance and testing
Zoe Mode Entertainment Ltd	England and Wales	100	Games developer
Curve Games Development One Limited	England and Wales	100	Games developer
Curve Games Development Two Limited	England and Wales	100	Dormant
Catalis Group Limited	England and Wales	100	Dormant
Doublesix Digital Publishing BV	The Netherlands	100	Holding company
Kuju Group SE	The Netherlands	100	Holding company
Testronic Laboratories SE	The Netherlands	100	Holding company

Kuju Manila Inc.	Philippines	100	Dormant
Runner Duck Games Limited	England and Wales	100	Games developer
Testronic SP z.o.o	Poland	100	Quality assurance and testing
Testronic, Inc.	California, United States of America	100	Quality assurance and testing
Vatra Games s.r.o	Czech Republic	100	In liquidation

2.3 Catalis is a company registered in England and Wales with registered number 11899376 whose registered office is at Suffolk House, George Street, East Croydon, London CR0 1PE.

3. **Share capital**

3.1 At the date of this document, Topco's issued share capital is £10 divided into 10 ordinary shares of £1 each, of which 1 share is issued and held by Dominic Wheatley and 9 shares are issued and held by NorthEdge Fund II.

3.2 Topco has not altered its share capital since incorporation.

3.3 No capital of Topco is proposed to be issued (other than pursuant to the Equity Terms Agreement in connection with the Acquisition) or is under option or is agreed conditionally or unconditionally to be put under option.

3.4 Pursuant to written resolutions to be passed in accordance with the Equity Terms Agreement the Directors will be generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of Topco to allot the New Topco Shares in connection with the Acquisition.

3.5 The Topco Shares are in registered form. None of the Topco Shares are being marketed or made available in whole or in part to the public other than pursuant to the Acquisition. The expected issue date of the Topco Shares pursuant to the Partial Unlisted Cash and Shares Alternative is on or around 8 October 2019.

4. **Articles of Association**

The following is a summary of the rights and restrictions attaching to the Topco Shares which are more fully set out in the Topco Articles. The New Topco Shares will have the same rights and restrictions as the existing Topco Shares.

4.1 Voting rights

(i) Subject to any special rights or restrictions as to voting attached to any class of shares by or in accordance with the Topco Articles, at a general meeting every holder of Topco Ordinary Shares and Topco Sweet Equity Shares present in person or by proxy has on a show of hands one vote and every holder of Topco Ordinary Shares and Topco Sweet Equity Shares present in person or by proxy has on a poll one vote for every Topco Ordinary Share and Topco Sweet Equity Share of which he is the holder. In the case of joint holders, the vote of the person whose name stands first in the register of members and who tenders a vote is accepted to the exclusion of any votes tendered by any other joint holders.

(ii) The holders of Topco Preferred Ordinary Shares have no right to receive notice of, attend or vote at general meetings of Topco, but do not have the right to vote thereat.

4.2 Dividends

- (i) The Topco Preferred Ordinary Shares entitled the holder to a fixed, cumulative preferential dividend at an annual interest of 10% of their issue price ("**Preference Dividend**"). On a return of capital, surplus assets will be applied in paying any unpaid arrears and accruals of any Preference Dividend. In the event that Topco is precluded by law from making payment of any Preference Dividend on its due date for payment, Topco shall pay any unpaid Preference Dividends when it is next lawfully able to do so.
- (ii) Subject to payment of any unpaid Preference Dividends and subject to the Topco Articles and the Companies Act, Topco may by ordinary resolution declare a dividend to be paid to the holders of Topco Ordinary Shares and Topco Sweet Equity Shares according to their respective rights and interests, but no dividend may exceed the amount recommended by the Directors. The Directors may declare and pay such interim dividends as appear to it to be justified by the profits of Topco available for distribution. The Topco Ordinary Shares and Topco Preferred Ordinary Share ranks pari passu for the for payment of dividends, as though they constituted one class of shares.
- (iii) A dividend which has been declared or became due for payment but is unclaimed for a period of 12 years from the date it was declared or became due for payment is forfeited and ceases to remain owing by the Company.

4.3 Exit proceeds

On a: (i) the sale of the entire issued share capital of Topco in a single transaction or a series of related transactions; or (ii) the admission of any of Topco's issued shares to a recognised investment exchange ("**Exit**"), the proceeds payable to the holders of the Topco Ordinary Shares and Topco Preferred Ordinary Shares ("**Exit Proceeds**") in respect of any Exit are dependent upon the amount the holders of the Topco Ordinary Shares receive in respect of their holdings of Topco Ordinary Shares and Topco Preferred Ordinary Shares from the Effective Date up to (and including) the relevant exit or return of capital ("**Relevant Cash Inflows**") when compared to the amount paid by the holders of the Topco Ordinary Shares and Topco Preferred Ordinary Shares for the issue/allotment or acquisition of those shares in connection with the Acquisition ("**Relevant Cash Outflows**"). The division of Exit Proceeds would vary dependent on whether:

- (i) Relevant Cash Inflows are 3x Relevant Cash Outflows ("**First Threshold**");
- (ii) Relevant Cash Inflows are 4x Relevant Cash Outflows ("**Second Threshold**");
- (iii) Relevant Cash Inflows are 6x Relevant Cash Outflows ("**Third Threshold**").

The Exit Proceeds shall be distributed as follows:

Relevant Cash Inflows divided by Relevant Cash Outflows	Holders of Topco Sweet Equity Shares	Holders of A Ordinary Shares
Less than 3x	20% of the Equity Proceeds	The balance of the Equity Proceeds
Equal to or greater than 3x but less than 4x	20% of the Equity Proceeds up to the First Threshold	The balance of the Equity Proceeds
	25% of the Equity Proceeds above the First Threshold	

Equal to or greater than 4x but less than 6x	20% of the Equity Proceeds up to the First Threshold	The balance of the Equity Proceeds
	25% of the Equity Proceeds above the First Threshold	
	30% of the Equity Proceeds above the Second Threshold	
Equal to or greater than 6x	20% of the Equity Proceeds up to the First Threshold	The balance of the Equity Proceeds
	25% of the Equity Proceeds above the First Threshold	
	30% of the Equity Proceeds above the Second Threshold	
	35% of the Equity Proceeds above the Second Threshold	

4.4 Transfer

The Topco Ordinary Shares and Topco Preferred Ordinary Shares are freely transferable.

4.5 Return of Capital

On a return of capital, the surplus assets of Topco after payment of its liabilities shall be paid first, to pay all amounts owed in respect of the Preference Shares (being any accrued but unpaid dividends and an amount equal to the nominal value of the Preference Shares), and subsequently shall be divided amongst the holders of the Topco Ordinary Shares and Topco Sweet Equity Shares (pari passu as though they constituted one class of share).

4.6 Redemption of the Topco Preferred Ordinary Shares

The Topco Preferred Ordinary Shares are redeemable, subject to applicable law, on the eighth anniversary after the date of their issue. On an Exit, the holders of the Topco Preferred Ordinary Shares will receive an amount equal to all arrears and accruals of dividends payable on those shares and an amount equal to the paid-up in in respect of each Topco Preferred Ordinary Share held.

4.7 Changes in capital and purchase of own shares

4.7.1 Subject to prior Investor Consent, Topco may at any time by way of ordinary resolution:

4.7.1.1 consolidate and divide all or any of its share capital into shares of a larger amount;

4.7.1.2 subject to the Companies Act, subdivide all or part of its share capital into shares of a smaller amount and may determine that the shares resulting from the sub-division have among themselves such preferred, deferred or other special rights or advantages or be subject to any such restrictions as the Company has power to attach to unissued or new shares;

- 4.7.1.3 cancel any shares which, at the date of the ordinary resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and
- 4.7.1.4 increase its share capital.
- 4.7.2 Subject to prior Investor Consent, the Companies Act and to the rights attached to existing shares, Topco may:
 - 4.7.2.1 subject to the requirements of any relevant investment exchange, purchase, or agree to purchase in the future, its own shares; and
 - 4.7.2.2 by special resolution, reduce its share capital, capital redemption reserve, share premium account or other undistributable reserve in any way.
- 4.8 Variation of rights

Subject to prior Investor Consent and the Companies Act, all or any of the rights for the time being attached to any class of shares may be varied or abrogated either with the consent in writing of the holders of at least three-fourths in nominal amount of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class validly held in accordance with the Topco Articles. The rights attached to a class of shares are not, unless otherwise expressly provided for in the rights attaching to those shares, deemed to be varied by the creation, allotment or issue of further shares ranking in priority to, *pari passu* with or subsequent to them or by the purchase or redemption by the Company of its own shares in accordance with the Companies Act and the Topco Articles.

4.9 Investor Consent matters

The Topco Articles contain a list of matters in respect of both Topco and each of its subsidiaries which cannot occur without Investor Consent (being the consent of NorthEdge), these include amendments to the Topco Articles, Exit events, a sale of the whole or substantially the whole of its assets, reductions of share capital, the approval of annual budgets, a sale of Topco Shares by the Rollover Managers (other than transfers to specified permitted transferees) and business plans and significant acquisitions or disposals. The NorthEdge consent matters are set out in Article 19 of the Topco Articles.

4.10 Significant Shareholder consent matters

Any Significant Shareholder of Topco also has certain rights of veto in respect of matters related to Topco and each of its subsidiaries. These are more limited than the Investor Consent matters but include amendments to the Topco Articles, reductions of share capital and significant acquisitions or disposals. The Significant Shareholder consent matters are set out in Article 20 of the Topco Articles.

4.11 Topco Sweet Equity Shareholder consent matters

The holders of a majority of the Sweet Equity Shares also have certain rights of veto in respect of matters related to Topco and each of its subsidiaries. These include a change to the Topco Articles which is a change to the Sweet Equity Shareholder consent matters and reductions of share capital.

The above is a summary only of certain provisions of the Topco Articles. Copies of the Articles are available for inspection in the manner specified in paragraph 16 of this Part 10 below.

5. **Material contracts – Catalis Group**

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of Catalis Group either (i) within the period of two years immediately

preceding the date of this document which are or may be material to the Catalis Group; or (ii) which, regardless of when entered into, contain any provisions under which any member of the Catalis Group has any obligation or entitlement which is, or may be, material to the Catalis Group as at the date of this document, save as disclosed below:

5.1 **Loan Agreements**

5.1.1 *Testronic Laboratories Limited ("TLL")*

HSBC Bank PLC advanced the sum of £675,000 to TLL pursuant to an English-law term loan facility letter dated 2 October 2017. The loan facility is for a term of 3 years and 6 months and interest is charged at 3.5 per cent. per annum above the Bank of England base rate.

Catalis, Testronic Laboratories SE, Testronic sp. z o.o. and Testronic, Inc. are bound to comply with certain obligations under the facility and entered into a cross-guarantee dated 18 October 2017 in respect of all monies owed to HSBC by each of them at that time or any time in the future. In addition to the cross-guarantee, a debenture over all of the assets of TLL, and a charge given by TLL over contract monies were granted in favour of HSBC. The amount of the loan outstanding as at 30 June 2019 was £377,145. TLL makes monthly repayments of £19,857 to HSBC Bank PLC.

5.1.2 *Curve Digital Publishing Limited ("CDPL")*

HSBC Bank PLC has provided a loan facility for up to £900,000 to CDPL pursuant to a loan agreement dated 24 April 2018. The loan facility is for a term of 4 years and interest is charged at 3.25 per cent. per annum above the Bank of England base rate. The loan facility has a 15 month interest only period, followed by monthly instalments of £28,750.58 (covering principal and interest).

CDPL granted a debenture dated 22 May 2018 in favour of HSBC in respect of all monies and liabilities owed at any time by it to HSBC and there is a £2 million limited cross-guarantee between CDPL, Kuju Limited, CDEL and the Company. The amount of the loan outstanding as at 30 June 2019 2019 was £913,927, with accrued interest of £13,927.

5.2 **2019 Acquisition of Runner Duck Games Limited**

On 13 March 2019, CDPL acquired the entire issued share capital of Runner Duck Games Limited ("**Runner Duck**") for a total consideration of £1.5mn. The consideration is satisfied by:

5.2.1 the payment of £250,000 on completion and the issue of 2,730 Catalis Shares to the sellers at completion; and

5.2.2 subject to certain conditions, £250,000 paid in cash and Catalis Shares to the value of £250,000 issued to the sellers on the first anniversary (13 March 2020) and second anniversary (13 March 2021) of completion. In the event that Catalis is a private company, rather than a public limited company, on date on which an instalment of deferred consideration becomes payable, the obligation to issue Catalis Shares may be satisfied by a payment in cash of £250,000, at the option of Catalis.

6. **Material contracts – Topco Group**

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of Topco Group either (i) within the period of two years immediately preceding the date of this document which are or may be material to the Topco Group; or (ii) which, regardless of when entered into, contain any provisions under which any member of the Topco Group has any obligation or entitlement which is, or may

be, material to the Topco Group as at the date of this document, save as disclosed below and in paragraph 7 of Part 6:

6.1 **The Facilities Agreement**

Tosca Debt Capital (Luxembourg) S.à r.l. will advance the sum of £15,000,000 to Bidco pursuant to an English-law term and revolving facilities agreement dated 15 August 2019 to part-finance the Acquisition. The term loan facility is for a term of six years and interest is charged at 9 per cent. per annum above the Bank of England base rate. HSBC UK Bank PLC are also party to the Facilities Agreement as a revolving facility lender. The revolving facility is in an amount of £5,000,000, for a term five years and interest is charged at three per cent. per annum above the Bank of England base rate.

Following the Acquisition, each of Catalis, Attack Games Limited, Catalis Development Services Limited, Curve Digital Entertainment Limited, Curve Games Development One Limited, Curve Games Development Two Limited, Testronic Laboratories SE, Testronic sp. z o.o., Testronic, Inc., Doublesix Digital Publishing B.V., Doublesix Digital publishing Limited, Kuju Limited, Kuju Group S.E., Testronic Laboratories Limited and CDPL, (together, the "**Target Obligors**") will accede to the Facilities Agreement and will be bound to comply with certain obligations pursuant to the cross-guarantee contained therein. In addition to the cross-guarantee, security will be granted by each of the Target Obligors over all of its assets. The term loan is repayable on the sixth anniversary of the Effective Date, and interest is paid to the relevant lender no less frequently than every six months.

7. **Directors service contracts, letters of appointment and remuneration**

7.1 Dominic Wheatley will enter into a service agreement on completion of the Equity Terms Agreement for an indefinite period, subject to termination for cause in accordance with the terms therein. The agreement provides for an annual salary of £240,000 (exclusive of discretionary bonus payment of up to 33.3% of annual salary) and 30 working days' paid holiday per year (in addition to public and bank holidays).

7.2 Robert Haxton will enter into a service agreement on completion of the Equity Terms Agreement for an indefinite period, subject to termination for cause in accordance with the terms therein. The agreement provides for an annual salary of £140,000 (exclusive of discretionary bonus payment of up to 25% of annual salary), membership of a private medical expenses insurance scheme and 25 working days' paid holiday per year (in addition to public and bank holidays).

7.3 Andrew Lawton will enter into a service agreement on completion of the Equity Terms Agreement for an indefinite period, subject to termination for cause in accordance with the terms therein. The agreement provides for an annual salary of £120,000 (exclusive of discretionary bonus payment of up to 30% of annual salary and a one-off payment of £30,000 conditional upon the sale of Catalis), membership of a private medical expenses insurance scheme, life assurance cover and 25 working days' paid holiday per year (in addition to public and bank holidays).

7.4 Phillip Frame and Raymond Stenton will be appointed as NorthEdge's nominees on the Topco Board pursuant to the Equity Terms Agreement and will therefore not have any letter of appointment with Topco or any member of the Topco Group.

7.5 Save as set out in paragraphs 7.1 to 7.3 above, there are no service agreements in existence between any of the Directors or the Proposed Directors and any member of the Enlarged Group which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

8. **Directors' other interests**

8.1 The Directors and Proposed Directors, their functions within the Enlarged Group and brief biographies are set out in Part 6.

8.2 Dominic Wheatley currently holds one ordinary share of £1. Following completion of the Acquisition, the interests of each Director and Proposed Director, all of which are beneficial unless noted below, in the share capital of Topco would be as follows:

	Topco Ordinary Shares	Topco Sweet Equity Shares	%*	Topco Preferred Ordinary Shares	%**
Dominic Wheatley	548,737	1,200,000	17.5	54,106,733	6.8
Robert Haxton	100,527	300,000	4.0	9,894,956	1.2
Andrew Lawton	0	300,000	3.0	0	0.0
Phillip Frame	0	0	0.0	0	0.0
Raymond Stenton	0	0	0.0	0	0.0

* Percentage holding of the aggregate number of the Topco Ordinary Shares and Topco Sweet Equity Shares

** Percentage holding of Topco Preferred Ordinary Shares

8.3 Save as disclosed above, no Director or Proposed Director has any interest in the share capital or loan capital of Topco nor does any person connected with any Director or Proposed Director (within the meaning of section 252 of the Companies Act) have any such interests, whether beneficial or non-beneficial.

8.4 In respect of the Directors and Proposed Directors, save as set out below, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have:

8.4.1 Phillip Frame and Raymond Stenton are Non-Executive Directors appointed by the NorthEdge Funds. The interests of the NorthEdge Funds (and therefore the interests of Phillip Frame and Raymond Stenton) may from time to time differ or conflict with the interests of other holders Topco Shares.

8.5 The Directors and Proposed Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

Name	Current directorships/partnerships	Former directorships/Partnerships
Directors		
Dominic Wheatley	Project Sword Topco Limited Project Sword Midco 1 Limited Project Sword Midco 2 Limited Advail Ltd Attack Games Limited Catalis Development Services Limited Catalis Group Limited Catalis NV Catalis PLC Commeinhos Et Company SCI Curve Digital Entertainment Limited Curve Digital Publishing Limited Curve Games Development One Limited Curve Games Development Two Limited	Bright Things International Limited (Dissolved) Commonworld Limited (Dissolved) Get On With It Limited (Dissolved) Highway Capital PLC Socialgo IH Limited (Dissolved) Socialgo PLC (now called Tavistock Investments PLC)

Doublesix Digital Publishing Limited
 Dwav Limited
 Headstrong Games Limited
 Ideal Partners
 Kuju Entertainment Limited
 Kuju Games Development One Limited
 Kuju Limited
 Kuju Sheffield Limited
 Lipscombe Developments Limited
 SCI Du Moulin De Coutures
 Simis Limited
 Socialgo Development Limited
 Testronic Laboratories Limited
 Testronic Laboratories SE
 Testronic sp. zo.o.
 Testronic Spolka z Ograniczona Odpowiedzialnoscia
 Wheatley Books Limited
 Wheatley Productions Limited
 Zoe Mode Entertainment Limited

Phillip Frame

Project Sword Topco Limited	Bliss Topco Limited
Project Sword Midco 1 Limited	Bliss Bidco Limited
Project Sword Midco 2 Limited	East Coast Concepts Holdings Limited
Project Sword Bidco Limited	East Coast Concepts Group Limited
Project Georgia Bidco Limited	T.K. Components (Holdings) Limited
Project Georgia Topco Limited	T.K. Components Group Limited
NorthEdge Capital I GP LLP	FPE Global (Holdings) Limited
NorthEdge Capital Coinvestment II, LP	Sumo Digital Group Limited
NorthEdge Capital SME Co-investment LP	Sumo Digital Holdings Limited
	FPE Global Limited

Proposed Directors

Robert Haxton

Attack Games Limited	28 Limited (Dissolved)
Catalis Development Services Limited	Doublesix Digital Publishing Limited
Catalis Group Limited	Gee Financing Limited
Catalis PLC	Inflight Productions Germany GmbH
Curve Digital Entertainment Limited	Inflight Productions Ltd
Curve Digital Publishing Limited	Inflight Productions USA Inc.
Curve Games Development One Limited	Inflight Studios Ltd (Dissolved)
Curve Games Development Two Limited	WMRS Studios Limited (Dissolved)
Finalblock Property Management Limited	
Headstrong Games Limited	
Kuju Entertainment Limited	

	Kuju Games Development One Limited Kuju Group SE Kuju Limited Kuju Sheffield Limited Simis Limited Testronic Laboratories Limited Testronic Laboratories SE Testronic Spolka z Ograniczona Odpowiedzialnoscia Zoe Mode Entertainment Limited	
Andrew Lawton	Catalis PLC Runner Duck Games Limited Woodcote Forrester Limited	Babel Media Limited Keywords International Limited Keywords Studios Plc Liquid Violet Ltd
Raymond Stenton	NorthEdge Capital LLP NorthEdge Capital I GP LLP NorthEdge Capital Coinvestment II, LP NorthEdge Capital SME Co-investment LP	Bliss Topco Limited Bliss Bidco Limited TFHC Investments Limited TFHC 2015 Limited Project Bond Holdco Limited Project Bond Bidco Limited DW3 Products Holdings Limited DW3 Products Group Limited

8.6 Save as disclosed above, no Director or Proposed Director has at anytime within the previous five years:

- (i) has any convictions in relation to fraudulent offences; or
- (ii) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
- (iii) has been a director of any company which, while he was 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 creditors generally or with any class of its creditors; or
- (iv) has been a partner of any partnership which, while he was a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset: or
- (v) has had any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
- (vi) 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.

9. Share option schemes

9.1 Neither the Topco Group nor the Catalis Group operates any share option schemes.

10. **Corporate Governance**

- 10.1 The UK Code of Corporate Governance does not apply to Topco. However, the Equity Terms Agreement provides that Topco should have a remuneration and appointments committee and an audit committee, details of which are set out below.

Remuneration and appointments committee

- 10.2 The remuneration and appointments committee shall comprise the chairman of Topco for the time being, a director of the Topco appointed by NorthEdge and Topco's Chief Executive Officer. The Committee meets at least once per year and agrees further meetings at its discretion.
- 10.3 The remuneration and appointments committee will determine the level of emoluments for the Directors and the other senior managers and directors of each other member of the Enlarged Group and their appointment including, without limitation, salary reviews, the setting of bonus levels and performance targets and changes to service agreements.
- 10.4 Decisions of the remuneration and appointments committee require Investor Consent.

Audit committee

- 10.5 The audit committee shall comprise the chairman of Topco for the time being, a director of the Topco appointed by NorthEdge and Topco's Chief Finance Director. The Committee meets at least once per year and agrees further meetings at its discretion.
- 10.6 The audit committee will:
- 10.6.1 review the financial statements of Topco and consolidated financial statements of the Topco Group before publication and, as necessary, take advice to be assured that the principles and policies adopted comply with statutory requirements and with the best practices in accounting standards;
 - 10.6.2 consult with the external auditors (and, if any, internal auditors) regarding the extent of their work and review with them all major points arising from the auditors' management letters and the response to those letters;
 - 10.6.3 seek to satisfy itself that the internal control and compliance environment within the Topco Group is adequate and effective; and
 - 10.6.4 recommend to the Directors the appointment level of remuneration of the external auditors.
- 10.7 Decisions of the audit committee require Investor Consent.

11. **Working capital**

In the opinion of Topco, taking into account the bank facilities available to the Topco Group, the working capital available to the Topco Group and the Enlarged Group (following the Acquisition) is sufficient for its present requirements, that is for at least the next twelve months from the date of this document.

12. **Litigation**

No member of the Enlarged Group is or has been involved in any governmental, legal or arbitration proceedings and Topco is not aware of any such proceedings pending or threatened by or against any member of the Enlarged Group during the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Enlarged Group.

13. **Squeeze-out**

Under the Companies Act, if a "takeover offer" (as defined in section 974 of the Companies Act) is made for the all of the Topco Ordinary Shares, Topco Preferred Ordinary Shares or the Topco Sweet Equity Shares (or all of the shares of any one class) and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which the takeover offer relates (the "Takeover Offer Shares") and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it is able to acquire compulsorily the remaining 10 per cent. In order to do so, it would send a notice to shareholders who had not, at such time, accepted the offer telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to Topco, which would hold the consideration on trust for those shareholders in the event that they had not accepted the offer at such time. The consideration offered to the shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

14. **Sell-out**

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Topco Ordinary Shares, Topco Preferred Ordinary Shares or the Topco Sweet Equity Shares (or all of the shares of any one class) and at any time before the end of the period within which the offer could be accepted the offeror held, or had agreed to acquire, not less than 90 per cent. of the shares to which the offer related, any holder of shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those shares. The offeror is required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

15. **General**

15.1 GCA Altium has provided and not withdrawn its written consent to the publication of this document containing references to it in the form and the context in which they appear.

15.2 Grant Thornton UK LLP has provided and not withdrawn its written consent to the publication of this document with the inclusion of its accountant's report on the Pro Forma Financial Information set out in Part C of Part 8 of this document and references thereto in the form and the context in which they appear.

16. **Documents available for inspection**

Copies of the following documents may be inspected at the registered office of Catalis at Suffolk House, George Street, East Croydon, London CR0 1PE during usual business hours on any weekday (excluding Saturdays and public holidays) up to and including the Effective Date:

(a) the audited financial statements of the Catalis Group for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018;

(b) the Topco Articles; and

(c) the consent letters referred to in paragraphs 15.1 and 15.2 above.

17. **Availability of documents**

Copies of this document and the documents available for inspection will be available free of charge to the public on Catalis' website at www.catalisgroup.com/offer-for-catalis.

PART 11

TAX

1. UNITED KINGDOM TAXATION

The following paragraphs, which are intended as a general guide only and not a substitute for detailed tax advice, are based on current UK legislation and HM Revenue and Customs published practice as at the date of this document, which may change at any time, possibly with retrospective effect. They summarise certain limited aspects of the UK taxation treatment of Topco shareholders. They relate only to the position of Topco shareholders who are resident in the UK for taxation purposes at all relevant times and who hold their Topco Shares beneficially as an investment (other than under a personal equity plan, a self-invested personal pension or an individual savings account) and who have not (and are not deemed to have) acquired their Topco Shares by reason of an office or employment. The comments below apply only to certain categories of person and, in particular, may not apply to such persons as market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services, to whom special rules may apply.

If you are in any doubt as to your taxation position or if you may be subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriately qualified independent professional adviser immediately.

1.1 Taxation of dividends

Topco is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder.

UK resident individual shareholders

Under current UK tax rules, specific rates of tax apply to dividend income. As of 6 April 2016, the notional dividend tax credit system was abolished. Instead, there is a dividend allowance which taxes the first £2,000 of dividend income received by an individual Shareholder who is resident for tax purposes in the UK for 2019/2020 at 0 per cent. (the "**Nil Rate Amount**"). Dividend income in excess of the Nil Rate Amount (taking account of any other dividend income received by a Topco shareholder in the same tax year) will be taxed at the following rates for 2019/2020: 7.5 per cent. (to the extent that it falls below the threshold for higher rate income tax); 32.5 per cent. (to the extent that it falls above the threshold for higher rate income tax and is within the higher rate band); and 38.1 per cent. (to the extent that it is within the additional rate). For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a shareholder's income.

In addition, dividends within the Nil Rate Amount which would (if there was no Nil Rate Amount) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

UK resident corporate shareholders

Shareholders within the charge to UK corporation tax which are "small companies" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will generally not be subject to UK corporation tax on any dividend received provided certain conditions are met (including an anti-avoidance condition).

A UK resident corporate shareholder (which is not a "small company" for the purposes of the UK taxation of dividends legislation in Part 9A of the Corporation Tax Act 2009) will be liable to UK corporation tax (currently at a rate of 19 per cent. from 1 April 2017, and reducing to 17 per cent. from 1 April 2020) unless the dividend falls within one of the exempt classes set out in Part 9A. Examples of exempt classes (as defined in Chapter 3 of Part 9A of the Corporation Tax Act 2009) include dividends paid on shares that are "ordinary shares" (that is shares that do not carry any present or future preferential right to dividends or to Topco's assets on its winding up) and which are not "redeemable", and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital in respect of which the distribution is

made). It should be noted that the exemptions are not comprehensive and are subject to anti-avoidance rules.

1.2 Taxation of chargeable gains

Individual and corporate shareholders who are resident in the United Kingdom may, depending on their circumstances (including the availability of allowances, exemptions or reliefs), realise a chargeable gain or an allowable loss for the purposes of taxation of capital gains on a sale or other disposal (or deemed disposal) of Topco Shares.

UK resident individual Shareholders

For an individual Shareholder within the charge to UK capital gains tax, a disposal (or deemed disposal) of Topco Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax on disposal of shares is 10 per cent. (2019/2020) for individuals who are subject to income tax at the basic rate and 20 per cent. (2019/2020) for individuals who are subject to income tax at the higher or additional rates. An individual shareholder is entitled to realise an annual exempt amount of gains (currently £12,000) for the year to 5 April 2020 without being liable to UK capital gains tax.

UK resident corporate Shareholders

For a corporate shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Topco Shares may give rise to a chargeable gain at the rate of corporation tax applicable to that shareholder (currently 19 per cent. with effect from 1 April 2017, and reducing to 17 per cent. from 1 April 2020) or an allowable loss for the purposes of UK corporation tax.

1.3 Inheritance tax

The Topco Shares will be assets situated in the United Kingdom for the purposes of UK inheritance tax. A gift of such assets during lifetime or on the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is or was neither domiciled in the United Kingdom nor deemed to be domiciled there, under certain rules relating to long residence or previous domicile. Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to the death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit following a gift of an asset.

Special rules also apply to close companies and to trustees of settlements who hold Topco Shares bringing them within the charge to inheritance tax. A charge to inheritance tax may also arise if the shares are transferred to a trust during their lifetime or on death. Holders of Topco Shares should consult an appropriate professional adviser if they make a gift or any kind of transfer at less than market value, or if they intend to hold any Topco Shares through a trust or similar indirect arrangements. They should also seek professional advice in a situation where there is potential for a double charge to UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

2. GERMAN TAXATION

2.1 General

Shareholders who are tax resident in Germany may be taxed in Germany in particular in connection with the receipt of dividend payments from Topco, the sale of Topco Shares and the gratuitous transfer of Topco Shares. Value added tax (VAT) may also be due in certain circumstances. Under the applicable German tax law, dividends and capital gains may be subject to withholding tax.

The considerations in this section assume that for German tax purposes: (1) Topco continues to be a stock corporation; (2) the Topco Ordinary Shares and the Topco Preferred Ordinary Shares are treated as equity; (3) Topco continues to be tax resident in the United Kingdom; (4) neither Catalis nor Topco qualifies as an investment fund or similar vehicle under the German tax law; and (5) both, the legal and economic ownership of the Topco Shares/Catalis Shares is with the Shareholders (where

Topco Shares/Catalis Shares are held by nominee shareholders/trustees, the tax implications described in this paragraph 2 should only apply to the economic owner; individual tax advice should be sought in such cases). The considerations in this section do not include tax issues related to church tax or taxation consequences of shares held as business assets or through a permanent establishment or fixed base in Germany. Notwithstanding the description of certain aspects of taxation in Germany, shareholders may be liable to tax in other jurisdictions. In particular, but not limited to, German-resident shareholders may be subject to a limited tax liability in other jurisdictions, e.g., the UK, and shareholders that are subject to a limited tax liability in Germany may be liable to tax in the jurisdiction in which they are resident.

Any reference in this section to a tax, duty, levy or other charge or withholding of a similar nature refers to German tax law and/or concepts only. This summary is based on the domestic tax laws of the Federal Republic of Germany in effect as on the date of the publication of this document and therefore does not take into account any amendments introduced at a later date and implemented with or without retroactive effect. The relevant rules as well as their interpretation by the German tax courts or tax authorities may change, possibly with retroactive effect.

2.2 German Withholding Tax on Dividends Paid by Topco or on Capital Gains in relation to Topco Shares

Dividend payments on Topco Shares and capital gains derived from the sale of Topco Shares are generally subject to withholding tax at a rate of 25 per cent. plus a solidarity surcharge thereon at a rate of 5.5 per cent. (i.e., a total of 26.375 per cent.), if the shareholder is subject to tax in Germany and a German-resident paying agent (German credit or financial services institution (including German branches of foreign credit or financial services institutions) German securities trading company or a German securities trading bank) has custody of or administers the Topco Shares or conducts the sale of the Topco Shares and disburses or credits the dividends or, as the case may be, the proceeds of the sale. Topco does not assume any responsibility for withholding of tax on dividends.

The assessment basis for the withholding tax on dividends is the shareholder's pro-rata amount of the dividend approved for distribution by Topco's general shareholders' meeting. The amount of tax withheld on capital gains is generally based on the difference between the proceeds from the sale, after deducting certain expenses that are directly related to the sale, and the acquisition costs of the Topco Shares.

Withholding tax may not need to be withheld by a German-resident paying agent with respect to dividend payments and capital gains from Topco Shares if the Topco Shares are either beneficially owned by a German credit or financial services institution, by a German branch of a foreign credit or financial services institution or by a German investment company, or if the Topco Shares are business assets of a corporation subject to unlimited German tax liability. Upon application and subject to certain requirements the same rule also applies (under certain circumstances) to Topco Shares held as business assets by individuals or partnerships.

Topco Shareholders who have submitted a valid non-assessment certificate from the competent tax office to their custodian bank may receive dividends or proceeds from a sale of shares without deduction of withholding tax. The same applies to individual shareholders who have submitted a saver's-allowance instruction to their custodian bank, to the extent the amount shown on the instruction has not already been utilised by other private investment income of the shareholder.

2.3 Taxation of Dividends Paid by Topco

Dividend payments in respect of Topco Shares held as private assets are subject to personal income tax (plus solidarity surcharge of 5.5 per cent. thereon) as income derived from a capital investment. However, provided that the German withholding tax on dividends is withheld by a German-resident paying agent (see above) and unless exceptions apply, the respective tax liability of the shareholder should generally be deemed to be satisfied and the dividend should not be required to be reported on the shareholder's annual tax return (final flat tax).

If no German tax has been withheld due to reasons other than the submission of a correct non-assessment certificate or saver's-allowance instruction (e.g., if the Topco Shares are held in custody by a foreign bank (being a bank which is tax resident outside Germany and the Topco Shares are

not held by a permanent establishment of any such bank in Germany)), the dividend income must be reported on the shareholder's annual tax return. In this case, the income tax should generally be assessed on such dividends at the flat tax rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon).

Income-related expenses incurred in connection with private investment income are not tax deductible. The only deduction that may be made is an annual saver's allowance of EUR801 (EUR1,602 for jointly assessed shareholders) on all private investment income. The deduction of the saver's allowance is limited to the amount of the corresponding income so that no tax losses can be generated through this allowance.

Shareholders may apply for the whole amount of their investment income, including dividends, to be taxed at their individual progressive tax rate instead of the flat-rate withholding tax if this results in a lower tax burden. In such cases, it is also not possible to deduct any income-related expenses other than the saver's allowance. Furthermore, dividend income can only be offset against losses from private investment income but not against losses generated by the disposal of shares in stock corporations. In general, dividend income cannot be offset against any other type of negative income.

2.4 Taxation of Capital Gains in Relation to Topco Shares

Shareholders Resident in Germany for Tax Purposes and for the Application of the Tax Treaty between Germany and the UK

Capital gains realised by the sale of shares that were acquired prior to 1 January 2009 and are held as private assets are generally exempt from tax. In the event that a Topco Shareholder held Catalis Shares prior to 1 January 2009 and exchanged those Catalis Shares for Topco Shares, a subsequent sale by that shareholder of those Topco Shares may be eligible for a tax-free sale. However, this area is complicated and any relevant shareholders should take their own advice as to the applicability of these provisions to their holding of Topco Shares.

Otherwise, capital gains realised on the sale of Topco Shares by an individual who held the Topco Shares as private assets should generally be subject to tax, irrespective of the length of time the Topco Shares are held. The tax liability is generally satisfied by the final flat tax which, generally, is withheld by a German-resident paying agent (withholding tax of 25 per cent. plus solidarity surcharge of 5.5 per cent. thereon) (see the rules described in section "German Withholding Tax on Dividends Paid by Topco or on Capital Gains in relation to Topco Shares" which apply accordingly).

Capital gains generated by the sale of shares in Topco can be offset against any type of losses from capital investment income while capital losses incurred from the sale of the shares in Topco can only be offset against capital gains from the sale of shares in stock corporations. Notwithstanding the foregoing, if a shareholder, or the shareholder's legal predecessor in the case of a gratuitous acquisition, directly or indirectly held at least 1 per cent. of the share capital of Topco at any time during the five years preceding the sale, 60 per cent. of any capital gain resulting from the sale of Topco Shares should be taxable (at the applicable individual progressive income tax rate, plus the solidarity surcharge of 5.5 per cent. thereon). Likewise, only 60 per cent. of any capital loss can be claimed for tax purposes (subject to general restrictions on tax deductions, if applicable). Special rules (i.e., limitation of tax deductibility) apply with regard to capital losses in case of a staggered acquisition of at least 1 per cent. of the share capital of Topco during the five years preceding the sale and in case the Topco Shares were acquired in exchange for Catalis Shares which met the at least 1 per cent. threshold on a tax neutral or tax preferential basis.

2.5 Inheritance and Gift Tax

The transfer of Topco Shares to another person by inheritance or gift is generally subject to German inheritance and gift tax only if the decedent, donor, heir, beneficiary or other transferee maintained his or her residence or a habitual abode in Germany or in case of corporations and similar incorporated entities such as e.g. foundations had its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has not spent more than five consecutive years outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain a residence nor have their habitual abode in Germany) or the Topco Shares were held by the decedent or donor as part of business assets for

which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed.

The few German treaties for the avoidance of double taxation regarding inheritance and gift tax currently in force may (1) modify the aforementioned principles in respect of the liability to German inheritance and gift tax and (2) provide that foreign inheritance or gift tax paid can be credited against the German inheritance or gift tax.

3. **STAMP DUTY AND STAMP DUTY RESERVE TAX ("SDRT")**

No UK stamp duty or SDRT will be generally payable on the issue of Topco Shares.

On their transfer on sale the transfer will be subject to stamp duty and/or SDRT (generally at the rate of 0.5 per cent. of the consideration subject to a de minimis threshold), although special rules apply in respect of certain transfers including transfers to market intermediaries and transfers into clearance services or depositary receipt arrangements. The statements in this paragraph apply to any holders of Topco Shares irrespective of their residence, and are a summary of the current position and are intended to be a general guide to the current stamp duty and SDRT position. Shareholders in any doubt about their position should seek appropriate tax advice.

PART 12

DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the documents which are incorporated by reference into this document:

Document incorporated by reference	Section of referenced document	Hyperlink
The Catalis Group's audited consolidated financial statements for the year ended 31 December 2016	Entire document	https://www.catalisgroup.com/offer-for-catalis/
The Catalis Group's audited consolidated financial statements for the year ended 31 December 2017	Entire document	https://www.catalisgroup.com/offer-for-catalis/
The Catalis Group's audited consolidated financial statements for the year ended 31 December 2018	Entire document	https://www.catalisgroup.com/offer-for-catalis/

PART 13

OMITTED INFORMATION

Where a disclosure item referred to in the relevant Appendices to the final report of the European Securities and Markets Authority in their Technical advice on Minimum Information Content for Prospectus Exemption dated 29 March 2019 has been omitted on the basis of the information having been deemed by Topco to be not material or pertinent, it is listed below together with an explanation for such omission:

Appendix reference of information	required Explanation for omission
Appendix II, Item 1.3	Not applicable, there are no statements or reports attributed to any person as an expert in this document.
Appendix II, Item 5.5	Not applicable, there are no such patents or licences or new manufacturing processes.
Appendix II, Item 5.6	Not applicable, there are no such statements regarding competitive position.
Appendix II, Item 5.7.4	Not applicable, there are no known environmental issues which could impact the utilisation of tangible fixed assets.
Appendix II, Item 8.4	Not applicable, there are no such restrictions on the use of capital resources.
Appendix II, Item 9.1	Partially not applicable, the regulatory environment is not considered to be material.
Appendix II, Section 11	Not applicable, no profit forecast or profit estimate has been issued.
Appendix II, Section 13	Not applicable, no financial year has been completed.
Appendix II, Section 18.2	Not applicable, no interim financial information has been published.
Appendix II, Item 19.1.2	Not applicable, there are no shares not representing capital.
Appendix II, Item 19.1.3	Not applicable, there are no such holdings.
Appendix II, Item 19.1.5	Not applicable, there are no such rights or undertakings.
Appendix III, Item 2.10	Not applicable, no such bids have been made.
Appendix III, Section 4	Not applicable, there are no admission to trading or dealing arrangements.
Appendix III, Section 5	Not applicable, there are no selling securities holders.
Appendix III, Section 7	Not applicable where the issuer is a new company with nominal share capital.
Appendix IV, Item 2.3.1	Not applicable, there are no relevant investments.

PART 14

DEFINITIONS

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

"Acquisition"	the proposed recommended acquisition by Bidco of the entire issued and to be issued share capital of Catalis by means of the Scheme, on the terms and subject to the conditions set out in the Announcement and in the Scheme Document (or the Takeover Offer, under certain circumstances as described in the Announcement)
"AIM"	the AIM Market operated by the London Stock Exchange
"Announcement"	means the announcement made pursuant to Rule 2.7 of the Code
"B Ordinary Shares"	the B ordinary shares in the capital of Catalis
"Bidco"	Project Sword Bidco Limited, a company incorporated in England and Wales (registered number 12032770) whose registered office address is at Suffolk House George Street, East Croydon, London, United Kingdom, CR0 1PE
"Bidco Group"	Bidco and its subsidiary undertakings and, where the context permits, each of them
"Bidco Rollover Notes"	has the meaning given to it in paragraph 7.3.1 of Part 6 of this document
"Board"	in relation to Topco, Bidco or Catalis, the board of directors of the relevant company
"Business Day"	a day (other than Saturdays, Sundays and public or bank holidays in the UK) on which banks are generally open for business in the City of London
"Cash Consideration"	the consideration of £95.13 per Scheme Share, payable in cash in accordance with the terms of the Acquisition
"Cash Offer"	the offer for the Scheme Shares to be acquired for the Cash Consideration
"Catalis"	Catalis PLC, a company incorporated in England and Wales with registered number 11899376, whose registered office is at Suffolk House, George Street, Croydon, CR0 1PE
"Catalis Directors" or "Catalis Board"	the directors of Catalis at the date of this Announcement
"Catalis Group"	Catalis and subsidiaries and subsidiary undertakings
"Catalis Independent Shareholders"	Catalis Shareholders other than the Rollover Managers, their nominees or any person acting in concert with the Rollover Managers for the purposes of the Code at any relevant date or time
"Catalis Meetings"	the Court Meeting and the General Meeting
"Catalis Share"	an ordinary share of £0.80 in the capital of Catalis
"Catalis Shareholders"	the holders of Catalis Shares from time to time

"Catalis Voting Shares"	the Catalis Shares and the B Ordinary Shares
"City Code" or "Code"	the City Code on Takeovers and Mergers issued from time to time by the Panel
"Co-investors"	MLC Limited, Pathway Capital Management and Unigestion SA
"Companies Act"	the Companies Act 2006, as amended from time to time
"Conditions"	the conditions of the Acquisition (including the Scheme) set out in Part A of Appendix I to the Announcement and in the Scheme Document
"Court"	the High Court of Justice in England and Wales
"Court Meeting"	the meeting(s) of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act for the purpose of considering, and if thought fit, approving the Scheme (with or without amendment) and any adjournment thereof
"Court Order"	the order of the Court sanctioning the Scheme
"Curve"	the video games publishing business carried on by Catalis
"Directors"	the directors of Topco, being Dominic Wheatley and Phillip Frame
"Effective"	the Scheme having become effective in accordance with its terms, upon delivery of the Scheme Court Order to the Registrar of Companies
"Effective Date"	the date upon which the Scheme becomes Effective
"Electing Scheme Shareholders"	eligible Scheme Shareholders who validly elect to take the Partial Cash and Unlisted Securities Alternative
"Equity Terms Agreement"	the equity terms agreement dated 15 August 2019 between the NorthEdge Funds, Bidco, Topco, Midco 1, Midco 2, the Co-investors and the Rollover Managers
"Enlarged Group"	the Topco Group, following completion of the Acquisition
"Excluded Shares"	<ul style="list-style-type: none"> (a) any Catalis Shares held by Bidco or, otherwise, directly or indirectly by the NorthEdge Funds; (b) any Catalis Shares held in treasury from time to time; and (c) any Catalis Shares registered in the name of or beneficially owned by the Rollover Managers, their nominees or any person acting in concert with the Rollover Managers for the purposes of the Code at any relevant date or time
"Facilities Agreement"	the senior term and revolving facilities agreement dated 15 August 2019 and entered into between, amongst others, Bidco (as borrower), Tosca Debt Capital (Luxembourg) S.à r.l. and HSBC UK Bank PLC (as arrangers), Global Loan Agency Services Limited (as agent) and GLAS Trust Corporation Limited (as security agent)

"Financial Conduct Authority" or "FCA"	the UK Financial Conduct Authority or its successor from time to time
"FSMA"	the Financial Services and Markets Act 2000 (as amended or re-enacted or replaced from time to time)
"Form of Election"	means the form of election for use by Scheme Shareholders electing for the Partial Cash and Unlisted Securities Alternative
"Frankfurt Stock Exchange"	The Basic Board segment of the Frankfurt Stock Exchange
"FTV"	film and television
"FY18"	Catalis' financial year ended 31 December 2018
"GCA Altium"	GCA Altium Limited, financial adviser to NorthEdge, Topco and Bidco in relation to the Acquisition
"General Meeting"	the general meeting of Catalis Shareholders (including any adjournment thereof) to be convened in connection with the Scheme, notice of which will be set out in the Scheme Document
"IAS"	International Accounting Standards
"Independent Directors"	Nick Winks and Peter Biewald
"Investor Consent"	the written consent of NorthEdge (or such other person appointed by the holders of 25% or more of the issued Topco Ordinary Shares)
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union
"IP"	intellectual property
"Kuju"	Kuju Limited
"Last Practicable Date"	14 August 2019, being the last practicable date prior to the publication of the Announcement
"Leo Capital"	Leo Capital 1 LLP, a limited liability partnership wholly owned by funds managed by Vespa Capital
"London Stock Exchange"	London Stock Exchange PLC
"Long Stop Date"	5 p.m. on 31 December 2019, or such later date (if any) as may be agreed by Bidco and Catalis (with the consent of the Panel) and the approval of the Court (if such approval is required)
"Midco 1"	Project Sword Midco 1 Limited, a company incorporated in England and Wales (company number 12032315) whose registered office is at Suffolk House, George Street, East Croydon, London, United Kingdom, CR0 1PE, a wholly owned subsidiary of Topco
"Midco 2"	Project Sword Midco 2 Limited, a company incorporated in England and Wales (company number 12032495) whose registered office is at Suffolk House, George Street, East Croydon, London, United Kingdom, CR0 1PE, a wholly owned subsidiary of Midco 1

"New Topco Ordinary Shares"	the new A ordinary shares of £0.001 each in the capital of Topco to be issued to Scheme Shareholders pursuant to the Acquisition
"New Topco Preferred Ordinary Shares"	the new preferred ordinary shares of £0.000001 each in the capital of Topco to be issued to Scheme Shareholders pursuant to the Acquisition
"New Topco Shares"	the New Topco Ordinary Shares and the New Topco Preferred Ordinary Shares
"NorthEdge"	NorthEdge Capital LLP, the discretionary manager of each of the NorthEdge Funds
"NorthEdge Fund II"	NorthEdge Capital Fund II, LP
"NorthEdge Funds"	the investment funds managed by NorthEdge, specifically NorthEdge Fund II and NorthEdge Capital Co-investment II, LP, and, where applicable, funds managed by the Co-investors
"Panel"	the Panel on Takeovers and Mergers
"Partial Cash and Unlisted Securities Alternative"	the arrangements pursuant to which Scheme Shareholders may elect to receive £36.57 in cash and one Unit per Scheme Share in lieu of the Cash Consideration to which they would otherwise have been entitled under the Acquisition
"Publishing Division"	the publishing division of the Catalis Group, which includes Curve, a publisher of independent video games for console and PC, and Kuju, a video games development studio
"Put and Call Option Deed"	the put and call option deed dated 15 August 2019 between Topco, Midco 1, Midco 2 and the Rollover Managers
"QA"	quality assurance
"Registrar of Companies"	the Registrar of Companies in England and Wales
"Proposed Directors"	the proposed directors of Topco, being Robert Haxton, Andrew Laxton and Raymond Stenton
"Prospectus Regulation"	the Prospectus Regulation (EU) 2017/1129
"Regulation S"	Rules 901 to 905 (including Preliminary Notes) of Regulation S promulgated under the Securities Act
"Resolutions"	together the Special Resolution and the Rollover and Topco Sweet Equity Resolution
"Restricted Jurisdiction"	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if the information concerning the Acquisition is sent or made available to Catalis Shareholders in that jurisdiction
"Rollover Arrangements"	the arrangements between Bidco and the Rollover Managers as documented in the Sale and Purchase Agreement, the Put and Call Option Deed and the Equity Terms Agreement
"Rollover Managers"	Dominic Wheatley, Robert Haxton, Stuart Dinsey, Jason Perkins, David Millar and Jonathan Wingrove

"Rollover and Topco Sweet Equity Resolution"	the ordinary resolution to approve the Rollover Arrangements and the Topco Sweet Equity Arrangements to be considered at the General Meeting
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 15 August 2019 between Bidco and the Rollover Managers
"Scheme"	the proposed scheme of arrangement under Part 26 of the Companies Act between Catalis and the Scheme Shareholders to implement the Acquisition with or subject to any modification, addition or condition approved or imposed by the Court (where applicable) and agreed by Catalis and Bidco
"Scheme Court Order"	the order of the Court sanctioning the Scheme under section 899 of the Companies Act
"Scheme Document"	the document to be despatched to (among others) Catalis Shareholders including, among other things, details of the Scheme required by section 897 of the Companies Act, the full terms and conditions of the Scheme and the notices of the Catalis Meetings
"Scheme Record Time"	the time and date to be specified as such in the Scheme Document or such later time and/or date as Bidco and Catalis may agree
"Scheme Shareholder"	holders of Scheme Shares
"Scheme Shares"	all Catalis Shares: <ul style="list-style-type: none"> (a) in issue at the date of the Scheme Document; (b) issued after the date of the Scheme Document and before the Voting Record Time (if any); and (c) issued at or after the Voting Record Time and before the Scheme Record Time in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme (if any), in each case excluding the Excluded Shares
"Significant Shareholder"	a holder of 10% or more of the Topco Ordinary Shares
"Significant Interest"	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking or (ii) the relevant partnership interest
"Special Resolution"	the special resolution to amend Topco's articles of association in connection with the Scheme, and to approve the implementation of the Scheme to be considered at the General Meeting
"Takeover Offer"	should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued share capital of Catalis and, where the context requires, any subsequent revision, variation, extension or renewal of such offer and includes any election available thereunder

"Testronic"	Catalis' provider of quality assurance services to the video games and FTV markets
"Testing Division"	the testing division of the Catalis Group, which includes Testronic, a quality assurance service provider to the video games and FTV markets
"Topco"	Project Sword Topco Limited, a company incorporated in England and Wales (registered number 12032049) whose registered office is at Suffolk House George Street, East Croydon, London, United Kingdom, CR0 1PE, the ultimate holding company of Bidco
"Topco Articles"	the articles of association of Topco
"Topco Group"	Topco and its subsidiary undertakings and, where the context permits, each of them
"Topco B Ordinary Shares"	the B ordinary shares of £0.001 each in the capital of Topco
"Topco Ordinary Shares"	the A ordinary shares of £0.001 each in the capital of Topco
"Topco Preferred Ordinary Shares"	the Preferred Ordinary Shares of £0.000001 each in the capital of Topco
"Topco Shares"	the Topco Ordinary Shares and the Topco Preferred Ordinary Shares
"Topco Sweet Equity Arrangements"	has the meaning given to it in paragraph 7.2 of Part 6 of this document
"Topco Sweet Equity Participants"	Dominic Wheatley, Robert Haxton, Andrew Lawton and Stuart Dinsey
"Topco Sweet Equity Pot"	has the meaning given to it in paragraph 7.2 of Part 6 of this document
"Topco Sweet Equity Shares"	has the meaning given to it in paragraph 7.2 of Part 6 of this document and which will be Topco B Ordinary Shares
"Topco Voting Shares"	the Topco Ordinary Shares and the Topco Sweet Equity Shares
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"Unit"	a unit comprising 5.9048 New Topco Ordinary Share and 585 New Topco Preferred Ordinary Shares
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
"US Exchange Act"	the US Securities Exchange Act of 1934, as amended from time to time
"US Securities Act"	the US Securities Act of 1933, as amended
"Vespa Capital"	Vespa Capital LLP
"VGTR"	video games tax relief, a relief from UK corporation tax
"Voting Record Time"	the date and time specified in the Scheme Document by reference to which entitlement to vote at the Court Meeting or the General Meeting (as applicable) will be determined, expected to be 6:00 p.m. on the day which is two Business Days before the date of the Court Meeting or General

Meeting (as applicable) or, if the Court Meeting or General Meeting (as applicable) is adjourned, 6:00 p.m. on the day which is two Business Days before the date of such adjourned meeting

“Wider Bidco Group”

Bidco and its subsidiaries, subsidiary undertakings, associated undertakings, holding companies, and their respective subsidiaries, subsidiary undertakings, associated undertakings, holding companies and any other body corporate, partnership, joint venture or person in which Bidco and all such undertakings (aggregating their interests) have a Significant Interest or which have a Significant Interest in Bidco or any other member of the Wider Bidco Group, in each case other than any member of the Wider Catalis Group

“Wider Catalis Group”

Catalis and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Catalis and all such undertakings (aggregating their interests) have a Significant Interest