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For immediate release

7 February 2020

**Midwich Group Plc  
("Midwich" or the "Group")**

**Acquisition of Starin Marketing, Inc.  
Accelerated Bookbuild to raise £39.7m**

Midwich (AIM:MIDW), a specialist audio visual ("AV") distributor to the trade market with operations across the UK and Ireland, Continental Europe and Asia Pacific, is pleased to announce that it has acquired the entire issued share capital of Starin Marketing, Inc. ("Starin") (the "**Acquisition**"), a specialist value-add AV distributor in the US for an enterprise value of up to \$46.1m (£35.7m) (the "**Total Consideration**"), consisting of a \$27.1m (£21.0m) cash consideration and an assumption of up to \$19.0m (£14.7m) in existing debt facilities.

In conjunction with the Acquisition, the Group announces its intention to raise gross proceeds of £39.7m via an accelerated bookbuild (the "**Placing**"). The net proceeds of the Placing will be used to repay the Group's debt facilities which were drawn down to fund the Acquisition and to provide additional resources to fund further acquisitions that the Group is pursuing in the short term. The Group expects to deploy the majority of the proceeds in the current financial year.

The Acquisition is expected to be modestly earnings accretive in the current financial year, including the impact of the total proposed fundraise, with future acquisitions expected to add further accretion.

**Acquisition Highlights**

- The Acquisition represents a significant strategic investment by Midwich to enter North America, the world's largest AV market, and will also provide extended geographical support for Midwich' global customers. The acquisition also:
  - provides a foundation for the Group's plans for US expansion with the benefit of a well-established market position, experienced management team and large customer base;
  - strengthens the Group's presence in the growing unified communications segment of the AV market;
  - allows Midwich to support the roll out of Starin's service proposition and key vendor relationships across the Group's global network
- For the year ended 31 December 2019, Starin delivered unaudited revenue of \$222.7m, gross profit of \$29.6m and EBITDA of \$6.1m.
- The Total Consideration comprises \$27.1m (£21.0m) cash consideration and an assumption of up to \$19.0m (£14.7m) in existing debt facilities and will be funded from Midwich' existing debt facilities.

**Placing Highlights**

- Proposed placing of 7,944,800 new ordinary shares of one pence each in the Group (the "**Placing Shares**") at a placing price of 500 pence (the "**Placing Price**") to raise gross proceeds of £39.7m, under the Group's existing authorities
- The Placing Shares represent approximately 9.9% of the Group's existing issued share capital

- The net proceeds of the placing will be used to repay the debt facilities drawn down in relation to the Acquisition and provide additional resources to fund further acquisitions as part of the Group's ongoing targeted acquisition strategy
- The Placing is being conducted via an accelerated bookbuild process which will commence immediately following the publication of this Announcement in accordance with the terms and conditions set out in the Appendix
- Investec Bank plc ("**Investec**") and Joh. Berenberg, Gossler & Co. KG, London Branch ("**Berenberg**") are acting as Joint Bookrunners (together the "**Joint Bookrunners**") in connection with the Placing
- The Placing is not conditional upon approval by Midwich shareholders
- The Directors intend to participate in aggregate for 203,000 shares at the Placing Price

*Note: Figures based on an exchange rate of GBP £1 = USD \$1.2927.*

**Stephen Fenby, Managing Director of Midwich Group plc, commented:**

"The acquisition of Starin Marketing, Inc. is a significant day in Midwich Group's history, marking our entry into North America, the largest AV market in the world. Starin's exposure to, and relationships in, the growing unified communications segment will be greatly beneficial to Midwich as it seeks to increase revenues in this fast growing AV sub sector across its global network. The highly experienced management team has built a great business and I look forward to welcoming them and the wider team into the Midwich Group.

Outside of the acquisition, 2019 was another year of good growth for Midwich, despite negative sentiment in the global economy. The Group delivered a robust organic performance from existing businesses and significant contributions from the acquisitions made throughout 2018 and 2019. We have been pleased with the integration of the four businesses acquired during 2019 which have enhanced both our geographic and product coverage and are all trading to plan."

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**Acquisition of Starin Marketing Inc. and Accelerated Bookbuild to raise £39.7m**

**1. Information on Starin**

Starin is a US based value-add AV distributor with a reputation for technical excellence and pre and post-sales support. The business was established in 1988 and is headquartered in Chesterton, Indiana. It has around 70 employees serving approximately 3,800 customers and is led by an experienced management team with 60 years' combined experience in the business. Prior to the Acquisition, Starin was owned by Starin Marketing, Inc. Employee Stock Ownership Trust, a trust established for the benefit of the company's employees.

Starin generates demand for, and delivers audio, video, multimedia, lighting, and communication solutions via added-value measures of channel management, brand development and promotion, training, application assistance, implementation support, sales incentives and procurement programmes.

Starin's business operates in three main segments:

- Pro AV - Starin's Pro AV business provides value add distribution services on behalf of over 50 manufacturers to the trade market in the US. This includes products from market leading brands such as Barco and Advanced Network Devices
- Music Tribe - Starin acts as the fulfilment partner in the US to Music Tribe, a manufacturer of a number of audio brands including Midas, Tannoy, Lab Gruppen, Lake and Behringer
- Outfitting - Starin has developed a strong relationship with Zoom Video Communications, a specialist provider of software-based conference room solutions. Through this relationship, Starin has created an outfitting programme that delivers rapid deployment of standardised meeting rooms, optimised for use with Zoom's video communications solutions, known as Zoom Rooms

For the year ended 31 December 2018, Starin generated revenue of \$210.8m, Gross Profit of \$24.8m and EBITDA of \$2.8m.

For the year ended 31 December 2019, Starin delivered unaudited revenue of \$222.7m, Gross Profit of \$29.6m and EBITDA of \$6.1m. As at 31 December 2019, Starin reported \$14.1m net assets, inclusive of \$13.6m net debt. Starin has an existing working capital facility of \$30m that Midwich expects to retain.

Starin's robust 2019 financial performance was driven by an improving sales mix and increased gross margin. The business has also seen an increasing proportion of sales from its outfitting programme.

## **2. Background to and strategic rationale for the Acquisition**

Midwich's strategy is focused on delivering profitable growth through the addition of new product ranges, capabilities or geographies to its existing portfolio. Distributors are increasingly being used as intermediaries to drive growth for vendors, reduce vendor costs and therefore financial risk and increase AV integrators' access to technology and technical support. Starin's product and service offering is well placed to benefit from this trend. The acquisition of Starin and entry into the large and growing North American AV market is in line with the Group's disciplined approach of acquiring businesses that add value while both strengthening and diversifying its product offering and geographical reach.

The Group has a demonstrable track record of successful and accretive acquisitions and has successfully acquired 21 companies in 15 new territories. In the year ended 31 December 2019, the Group completed the acquisitions of MobilePro (Switzerland), Prase (Italy), and AV Partner (Norway) and, each representing the Group's entry into a new territory. The acquisitions of Prase and Entertainment Equipment Supplies ("EES") in Spain strengthened the Group's capabilities in the audio and lighting markets respectively.

The acquisition of Starin gives Midwich a firm foundation from which to pursue further growth in North America. The US is the world's largest AV market and is exhibiting attractive growth across verticals, with the total market value forecast to grow from \$69.9bn in 2019 to \$87.3bn in 2024 (Source: AVIXA). Entry into this market is an important strategic development for the Group.

Alongside extending the Group's geographic footprint, the Acquisition strengthens the Group's presence in the growing unified communications segment of the AV market. Starin has built a portfolio optimised for the delivery of AV hardware that helps its customers to drive maximum value from investments in strategic communications software, in particular video conferencing systems. Midwich currently has a presence in unified communications and it is expected that Starin's technical knowledge and vendor relationships will enable the Group to further develop its offering in this growing market segment.

In addition, the Group will have the ability to support the roll out Starin's service proposition and key vendor relationships across Midwich's international network. The Board of Midwich (the "Board") believes the Group's existing European and APAC network is extremely well positioned to assist Starin with extending its meeting room hardware offering into these markets.

Midwich also expects to leverage Starin's existing relationships with US-based customers to generate additional sales and provide further support for its major global customers. The Group currently has excellent relationships in Europe with some of the largest global AV integrators, such as AVI SPL and Diversified, many of which are headquartered in the US, and the Board of Midwich expects to be able to leverage its new US presence to further strengthen such relationships and enhance its ability to deliver global projects.

### **3. Financial effects of the acquisition\***

Starin is experiencing an encouraging start to the current financial year and the Board of Midwich expects it to deliver further EBITDA growth in the financial year to 31 December 2020.

The acquisition is expected to be modestly earnings enhancing in the current financial year, including the impact of the total proposed fundraise.

The Total Consideration payable for the Acquisition has been funded from the Group's existing debt facilities. The Board pays close attention to the Group's leverage and headroom under these facilities and intends to use the net proceeds of the Placing to repay the borrowings associated with the Acquisition. Assuming successful completion of the Acquisition and the Placing, the Board expects the Group's pro forma leverage will be approximately 1.5x.

The Group has previously guided to operating within a 1.5-2.0x net debt/EBITDA range and, excluding the impact of potential further acquisitions, anticipates the Group's leverage to be towards the bottom end of this range by the end of the current financial year.

*\* This financial effects statement should not be construed as a profit forecast or interpreted to mean that the future earnings per share, profits, margins, returns on capital or cashflows of the Group will necessarily be greater than the historical published figures or that leverage will necessarily be lower than the historic published figures.*

### **4. The Group's Current Trading**

Whilst market conditions were challenging throughout 2019, the Group made good progress and expects to report revenue in excess of £685 million (up over 19% on 2018) with full year organic revenue growth of 6% (before the effect of foreign exchange and acquisitions).

The Group made four acquisitions during the year, enhancing the product portfolio and expanding geographic coverage. The Group has also invested in its central team to enhance its capability to acquire and integrate new businesses.

In the Group's trading update, issued on 18 December 2019, the Group highlighted that following strong trading through the first three quarters of the year, the Group saw a slowdown in demand towards the end of the year, particularly in larger projects, in both the UK and across key territories in Continental Europe. Although early in the period, trading to date in the current financial year indicates that this trend has stabilised. Adjusted profit before tax for the year is now expected to be towards the top end of the £30 million to £31 million range detailed in the December trading update.

Cash generation was slightly below the long-term Group average compared with marginally higher than average cash generation in 2018.

The Group has made a positive start to 2020 and the Board's expectations remain unchanged.

### **5. Directors participating in the Placing**

The following directors of the Group intend to participate in the Placing and subscribe for the following Placing Shares:

Director	Number of Placing Shares	Value of Placing Shares at the Placing Price
Stephen Fenby	200,000	£1,000,000.00
Andrew Herbert	3,000	£15,000.00

## 6. Terms of the Acquisition

Midwich today announces that it has acquired the entire issued share capital of Starin for a maximum enterprise value of \$46.1m (£35.7m), comprising \$27.1m (£21.0m) in cash and an assumption of up to \$19.0m (£14.7m) in existing debt facilities.

Key members of the senior management team will continue to work for the company post acquisition, helping to realise the opportunities for future development identified.

## 7. Details of the Placing

Midwich is proposing to raise £39.7m (before expenses) through the issue of 7,944,800 Placing Shares at the Placing Price to fund the Acquisition. The Placing Shares will represent approximately 9.9% of Midwich' current issued share capital.

Berenberg and Investec, as agents for the Group, have conditionally agreed to use their reasonable endeavours to place the Placing Shares at the Placing Price on the terms and subject to the conditions set out in a placing agreement entered into between the Company and the Joint Bookrunners on 7 February 2020. The Appendix to this Announcement (which forms part of this announcement) sets out further information relating to the Accelerated Bookbuild, the Placing Agreement and the terms and conditions of the Placing.

The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing issued Ordinary Shares. This includes the right to receive all dividends and other distributions declared or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares.

Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM ("**Admission**"). It is expected that Admission will take place at 8.00 a.m. on 11 February 2020 (or such date as may be agreed between the Company and the Joint Bookrunners). The Placing is conditional upon, amongst other things, Admission becoming effective. The Placing is also conditional on the Placing Agreement between the Company and the Joint Bookrunners not being terminated in accordance with its terms prior to Admission.

The Placing is being conducted subject to the terms and conditions set out in the Appendix (which forms part of this Announcement).

**The Appendix to this Announcement (which forms part of this Announcement) sets out further information relating to the Accelerated Bookbuild and the terms and conditions of the Placing. Persons who choose to participate in the Placing, by making an oral or written offer to subscribe for Placing Shares, will be deemed to have read and understood this Announcement in its entirety (including the Appendix) and to be making such offer on the terms and subject to the conditions herein, and to be providing the representations, warranties, agreements, acknowledgements and undertakings contained in the Appendix.**

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Recipients of this Announcement who are considering acquiring Placing Shares pursuant to the Placing are reminded that they should conduct their own investigation, evaluation and analysis of the business, data and property described in this Announcement. This Announcement does not constitute a recommendation concerning any investor's options with respect to the Placing. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. The contents of this Announcement are not to be construed as legal, business, financial or tax advice. Each shareholder or prospective investor should consult with his or her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

Members of the public are not eligible to take part in the Placing. This Announcement is for information purposes only and is directed only at: (a) persons in Member States of the European Economic Area and the United Kingdom who are qualified investors within the meaning of article 2(e) of the Prospectus Regulation (EU) 2017/1129, as amended from time to time, and includes any relevant implementing measure in any member state and the United Kingdom (the "**Prospectus Regulation**") ("**Qualified Investors**"); and (b) in the United Kingdom, Qualified Investors who are persons who (i) have professional experience in matters relating to investments falling within the definition of "investments professional" in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (ii) are persons falling within article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc") of the Order; or (iii) are persons to whom it may otherwise be lawfully communicated; (all such persons together being referred to as "**Relevant Persons**"). Any investment activity to which this Announcement relates is available only to, and will be engaged in only with, Relevant Persons. This Announcement must not be acted on or relied on by persons who are not Relevant Persons.

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Investec's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person.

The distribution of this Announcement and the offering of the Placing Shares in certain jurisdictions may be restricted

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In connection with the Placing, each of the Joint Bookrunners and any of their affiliates, acting as investors for their own account, may take up a portion of the shares in the Placing as a principal position and in that capacity may retain, purchase, sell, offer to sell for the own accounts or otherwise deal for their own account in such shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references to Placing Shares being offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or acquisition, placing or dealing by, the Joint Bookrunners and any of their affiliates acting in such capacity. In addition, the Joint Bookrunners and any of their affiliates may enter into financing arrangements (including swaps) with investors in connection with which the Joint Bookrunners and any of their respective affiliates may from time to time acquire, hold or dispose of shares. The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

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

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This Announcement may contain and the Company may make verbal statements containing "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made in this Announcement by or on behalf of the Company speak only as of the date they are made. These forward-looking statements reflect the Company's judgment at the date of this Announcement and are not intended to give any assurance as to future results and cautions that its actual results of operations and financial condition, and the development of the industry in which it operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Announcement and/or information incorporated by reference into this Announcement. The information contained in this Announcement is subject to change without notice and except as required by applicable law or regulation, the Company expressly disclaims any obligation or undertaking to publish any updates, supplements or revisions to any forward-looking statements contained in this Announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statements are based, except where required to do so under applicable law.

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This Announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 ("**MAR**"). Upon publication of this announcement, the inside information is now considered to be in the public domain for the purposes of MAR. The person responsible for arranging release of this information on behalf of the Company is Stephen Lamb.

#### **Information to Distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

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

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

## APPENDIX

### TERMS AND CONDITIONS OF THE PLACING

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EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN PLACING SHARES. THE PRICE OF SHARES AND THE INCOME FROM THEM (IF ANY) MAY GO DOWN AS WELL AS UP AND INVESTORS MAY NOT GET BACK THE FULL AMOUNT INVESTED ON DISPOSAL OF SHARES.

The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance or the South African Reserve Bank; and the Placing Shares have not been, nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, Japan or the Republic of South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, Japan, the Republic of South Africa or any other jurisdiction in which such offer, sale, resale or delivery would be unlawful.

These terms and conditions apply to persons making an offer to subscribe for Placing Shares. Each Placee will be deemed to have read and understood this Announcement (including this Appendix) and hereby agrees with

the Banks and the Company to be bound by these terms and conditions as being the terms and conditions upon which Placing Shares will be issued. A Placee shall, without limitation, become so bound if either Bank confirms to such Placee its allocation of Placing Shares.

Upon being notified of its allocation of Placing Shares, a Placee shall be contractually committed to subscribe for the number of Placing Shares allocated to it at the Placing Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment.

In this Appendix, unless the context otherwise requires, "**Placee**" means a Relevant Person (including individuals, funds or others) who has been invited to participate in the Placing and on whose behalf a commitment to subscribe for Placing Shares has been given.

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

The Banks and the Company have entered into a Placing Agreement, under which each Bank has, on the terms and subject to the conditions set out therein, conditionally undertaken to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. It is expected that the Placing will raise £39.7 million in gross proceeds. The Placing is not being underwritten by the Banks, except to the extent that a Placee has defaulted on their payment obligations in respect of their Placing Shares, or any other person.

The Placing Shares will, when issued, be subject to the articles of association of the Company, will be credited as fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid on or in respect of Ordinary Shares after the date of issue of the Placing Shares.

The Placing Agreement is subject to customary conditions and termination rights.

The Placing Shares will trade on AIM under MIDW with ISIN GB00BYSXWW41.

#### ***Application for admission to trading of the Placing Shares***

Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Placing Shares will commence at 8.00 a.m. on or around 11 February 2020 ("**Admission**"). In any event, the latest date for Admission is 28 February 2020 (the "**Long Stop Date**").

#### ***Placing***

This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

Participation in, and principal terms of, the Placing are as follows:

1. The Banks are arranging the Placing as agents for the Company.
2. The number of Placing Shares to be issued will be agreed between the Banks and the Company following completion of an accelerated bookbuilding exercise by the Banks (the "**Accelerated Bookbuild**"). The results of the Accelerated Bookbuild will be released via a Regulatory Information Service following the completion of the Accelerated Bookbuild.
3. The Accelerated Bookbuild is expected to close no later than [6:30 p.m.] on [7 February] 2020 but may be closed earlier or later at the discretion of the Banks. The Banks may, in agreement with the Company, accept bids received after the Accelerated Bookbuild has closed.
4. Participation in the Placing is only available to persons who are lawfully able to be, and have been, invited to participate by either of the Banks. The Banks and their affiliates are entitled to participate in the Placing as principal.
5. The Company and the Banks reserve the right (i) to scale back the number of Placing Shares to be subscribed for by any Placee in the event of the Placing being over-subscribed; and (ii) not to accept offers for Placing Shares or to accept such offers in part rather than in full. The Company reserves the right to reduce the amount to be raised pursuant to the Placing, in agreement with the Banks.
6. Each Placee's allocation of Placing Shares has been or will be confirmed to Placees orally, or in writing (which can include email), by either Bank and a trade confirmation or contract note has been or will be dispatched as soon as possible thereafter. The relevant Bank's oral or written confirmation will give rise to an irrevocable, legally binding commitment by that person (who at that point becomes a Placee), in favour of the relevant Bank and the Company, under which it agrees to acquire by subscription the number of Placing Shares allocated to it at the Placing Price and otherwise on the terms and subject to the conditions set out in this Appendix and in accordance with the Company's articles of association. Except with the relevant Bank's consent, such commitment will not be capable of variation or revocation.
7. Each Placee's allocation will, unless otherwise agreed between the Placee and the relevant Bank, be

evidenced by a trade confirmation or contract note issued to each such Placee by such Bank. The terms and conditions of this Announcement (including this Appendix) will be deemed to be incorporated in that trade confirmation, contract note or such other confirmation and will be legally binding on the Placee on behalf of which it is made and except with the relevant Bank's consent will not be capable of variation or revocation from the time at which it is issued.

8. Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the relevant Bank (as agent for the Company), to pay to such Bank (or as such Bank may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to subscribe for and the Company has agreed to allot and issue to that Placee.
9. Except as required by law or regulation, no press release or other announcement will be made by the Banks or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
10. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be subscribed for pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".
11. All obligations of the Banks under the Placing will be subject to fulfilment of the conditions referred to below "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Right to terminate under the Placing Agreement".
12. By participating in the Placing, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
13. To the fullest extent permissible by law and the applicable rules of the Financial Conduct Authority, neither of the Banks nor the Company nor any of their affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise whether or not a recipient of these terms and conditions) in respect of the Placing. Each Placee acknowledges and agrees that the Company is responsible for the allotment of the Placing Shares to the Placees and the Banks and their affiliates shall have no liability to the Placees for the failure of the Company to fulfil those obligations. In particular, neither of the Banks nor the Company nor any of their affiliates shall have any liability (including to the extent permissible by law, any fiduciary duties) in respect of the Banks' conduct of the Placing.

As part of the Placing, the Company has agreed that, other than the grant of options pursuant to the Midwich Employees' Share Trust, The Midwich Group plc 2016 Long Term Incentive Plan and The Midwich Group plc 2016 Share Incentive Plan (the "**Share Option Schemes**") in a manner consistent with prior practice or the issue of Ordinary Shares on the exercise of options pursuant to the Share Option Schemes, it will not, *inter alia*, issue or sell any Ordinary Shares for a period of 90 days after Admission without prior consent from the Banks.

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

The Banks' obligations under the Placing Agreement in respect of, amongst other things, the Placing are conditional on, *inter alia*:

1. the release of this Announcement to an RIS by no later than 9.00 a.m. on 7 February 2020;
2. the Company having complied with all of its obligations under the Placing Agreement to the extent that such obligations fall to be performed prior to Admission;
3. the delivery by the Company to the Banks of certain documents required under the Placing Agreement;
4. the warranties given by the Company in the Placing Agreement being true and accurate and not misleading in any respect at any time between the date of the Placing Agreement and Admission (in the joint opinion of the Banks, acting in good faith) and no fact or circumstance having arisen which would render any of the warranties untrue or inaccurate or misleading in any respect if it was repeated as at Admission;
5. in the joint opinion of the Banks (acting in good faith), any adverse change in, or any development involving or reasonably likely to involve a prospective adverse change in or affecting, the condition (whether financial, operational, legal or otherwise), earnings, business affairs, reputation, management, properties, business prospects or financial prospects, assets, rights, results of operations, net asset value, funding position, liquidity or solvency of the Company or of the Group which is material in the context of the Group (taken as a whole), whether or not arising in the ordinary course of business whether or not covered by insurance and whether or not foreseeable;;
6. Admission taking place on or before 8.00 a.m. on 11 February 2020 (or such later time as may be agreed between the Company and the Banks, being not later than 3.00 p.m. on the Long Stop Date); and
7. the Placing Agreement not having been terminated by the Banks.

If: (i) any of the conditions contained in the Placing Agreement, including those described above, are not fulfilled or (where applicable) waived by the Banks (acting jointly) by the respective time or date where specified (or such later time or date as the Banks may notify to the Company); (ii) any of such conditions

becomes incapable of being fulfilled; or (iii) the Placing Agreement is terminated in the circumstances specified below, the Placing will not proceed and the Placees' rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof. The Banks (acting jointly) may, at their discretion and upon such terms as they think fit, waive, or extend the period for, compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement save that the condition relating to Admission taking place by the Long Stop Date may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

Neither of the Banks, nor the Company nor any of their respective affiliates shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Banks. Placees will have no rights against the Banks, the Company or any of their respective partners, members, directors or employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 (as amended) or otherwise.

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

The Banks are each entitled (in their absolute discretion, acting in good faith) to terminate the Placing Agreement by giving notice to the Company in certain circumstances, including, inter alia, if before Admission:

1. the Company is in breach of any of its obligations under of the Placing Agreement (to the extent such obligations fall to be performed prior to Admission);
2. any of the warranties given by the Company in the Placing Agreement being untrue or inaccurate in any respect or misleading prior to Admission;
3. any statement contained in any of the Issue Documents (as defined in the Placing Agreement) is untrue or inaccurate in any material respect or misleading (in each case in the opinion of either Bank, acting in good faith) or that matters have arisen which would, if the Issue Documents were issued at that time, constitute a material omission therefrom or a misleading inaccuracy in any announcements released by the Company through an RIS or other document issued to Shareholders of the Company or otherwise to the public;
4. there is a significant change affecting any matter contained in the Issue Documents or a matter, fact, circumstance or event having arisen such that in the opinion of either of the Banks a supplementary public announcement is required to be released;
5. in the opinion of either Bank (acting in good faith), any adverse change in, or any development involving or reasonably likely to involve a prospective adverse change in or affecting, the condition (whether financial, operational, legal or otherwise), earnings, business affairs, reputation, management, properties, business prospects or financial prospects, assets, rights, results of operations, net asset value, funding position, liquidity or solvency of the Company or of the Group which is material in the context of the Group (taken as a whole), whether or not arising in the ordinary course of business whether or not covered by insurance and whether or not foreseeable;
6. the AIM Application being refused by the London Stock Exchange;
7. the cancellation or suspension by the London Stock Exchange of trading in the Company's securities; or
8. any of the following has occurred and either Bank considers such events would be likely to have an adverse effect on the financial or trading position or the business or prospects of the Group which is material in the context of the Group as a whole or which materially prejudices the Group or renders the Placing or Admission impractical or inadvisable:
  - the suspension of trading in securities generally on the London Stock Exchange or the New York Stock Exchange trading is limited or minimum prices established on any such exchange; or
  - the declaration of a banking moratorium in London or by the US federal or New York State authorities or any material disruption to commercial banking or securities settlement or clearance services in the US or the UK; or
  - any change (whether or not foreseeable at the date of this Agreement), or development involving a prospective change, in national or international financial, economic, political, industrial or market conditions or currency exchange rates or exchange controls, or any incident of terrorism or outbreak or escalation of hostilities or any declaration by the UK, the US or any member state of the European Union of a national emergency or war or any other calamity or crisis.

If the Placing Agreement is terminated prior to Admission then the Placing will not occur.

The rights and obligations of the Placees will not be subject to termination by the Placees or any prospective Placees at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by either Bank of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of that Bank and that the Banks need not make any reference to Placees in this regard and that neither of the Banks nor any of their respective affiliates shall have any liability to Placees whatsoever in connection with any such exercise or failure so to exercise.

#### ***No Admission Document or Prospectus***

The Placing Shares are being offered to a limited number of specifically invited persons only and have not been nor will be offered in such a way as to require the publication of an admission document or prospectus in the United Kingdom or any equivalent document in any other jurisdiction. No offering document, admission document or prospectus has been or will be submitted to be approved by the FCA or the London Stock Exchange in relation to the Placing, and Placees' commitments will be made solely on the basis of the information contained in this Announcement (including this Appendix) and the business and financial information that the Company is required to publish in accordance with the AIM Rules (the "**Exchange Information**") or has published via a Regulatory Information Service ("**Publicly Available Information**") (save that in the case of Exchange Information and Publicly Available Information, a Placee's right to rely on that information is limited to the right that such Placee would have as a matter of law in the absence of this paragraph). Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information (other than the Exchange Information and/or Publicly Available Information), representation, warranty, or statement made by or on behalf of the Company or the Banks or any other person and neither of the Banks, nor the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received and, if given or made, such information, representation, warranty or statement must not be relied upon as having been authorised by the Banks, the Company or their respective officers, directors, partners, employees or agents. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Neither the Company nor either of the Banks are making any undertaking or warranty to any Placee regarding the legality of an investment in the Placing Shares by such Placee under any legal, investment or similar laws or regulations. Each Placee should not consider any information in this Announcement to be legal, tax or business advice. Each Placee should consult its own solicitor, tax adviser and financial adviser for independent legal, tax and financial advice regarding an investment in the Placing Shares. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

#### ***Registration and Settlement***

Settlement of transactions in the Placing Shares will, unless otherwise agreed, take place on a delivery versus payment basis within CREST. Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by the relevant Bank in accordance with the standing CREST settlement instructions which they have in place with the relevant Bank.

Settlement of transactions in the Placing Shares (ISIN: GB00BYSSXWW41) following Admission will take place within the system administered by Euroclear UK & Ireland Limited ("**CREST**") provided that, subject to certain exceptions, the Banks reserve the right to require settlement for, and delivery of, the Placing Shares (or a portion thereof) to Placees by such other means that it deems necessary if delivery or settlement is not possible or practicable within CREST within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

It is expected that settlement of the Placing Shares will be on 11 February 2020 unless otherwise notified by the Banks. Admission is expected to occur by 11 February 2020 or otherwise at such later time as may be agreed between the Company and the Banks, not being later than the Long Stop Date.

Each Placee is deemed to agree that, if it does not comply with these obligations, the relevant Bank may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for such Bank's account and benefit (as agent for the Company), an amount equal to the aggregate amount owed by the Placee plus any interest due (chargeable daily on payments not received from Placees on the date due). The relevant Placee will, however, remain liable and shall indemnify such Bank on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf. By communicating a bid for Placing Shares, each Placee confers on the relevant Bank such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which the relevant Bank lawfully takes in pursuance of such sale. Legal and/or beneficial title in and to any Placing Shares shall not pass to the relevant Placee until it has fully complied with its obligations hereunder.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees must ensure that any form of confirmation is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax or securities transfer tax. Neither of the Banks nor the Company will be liable in any circumstances for the payment of stamp duty, stamp duty reserve tax or securities transfer tax in connection with any of the Placing Shares. Placees will not be entitled to receive any fee or commission in connection with the Placing.

#### ***Representations, Warranties and Further Terms***

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) will be deemed to make the following representations, warranties, acknowledgements, agreements and undertakings (as the case may be) to each of the Banks (for themselves and on behalf of the Company):

1. that it has read and understood this Announcement, including this Appendix, in its entirety and that its subscription for or purchase of Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein and undertakes not to redistribute or duplicate this Announcement;
2. it is relying solely on this Announcement and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Placing Shares or the Placing. It agrees that neither the Company nor the Banks, nor any of their respective officers, agents, employees or affiliates will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
3. that the shares in the capital of the Company are admitted to trading on AIM, and the Company is therefore required to publish the Exchange Information, which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such Exchange Information without undue difficulty and is able to obtain access to such information or comparable information concerning any other publicly traded company without undue difficulty;
4. that its obligations are irrevocable and legally binding and shall not be capable of rescission or termination by it in any circumstances;
5. that the exercise by either of, or both of, the Banks of any right or discretion under the Placing Agreement shall be within the absolute discretion of such Bank or both Banks (acting jointly) and the relevant Bank or the Banks (acting jointly) (as the case may be) need not have any reference to it and shall have no liability to it whatsoever in connection with any decision to exercise or not to exercise any such right and each Placee agrees that it has no rights against the Banks or the Company, or any of their respective officers, directors, partners or employees, under the Placing Agreement pursuant to the Contracts (Rights of Third Parties Act) 1999;
6. that these terms and conditions represent the whole and only agreement between it, the Banks and the Company in relation to its participation in the Placing and supersedes any previous agreement between any of such parties in relation to such participation. Accordingly, each Placee, in accepting its participation in the Placing, is not relying on any information or representation or warranty in relation to the Company or any of its subsidiaries or any of the Placing Shares other than as contained in this Announcement, the Exchange Information and the Publicly Available Information (save that in the case of Exchange Information and Publicly Available Information, a Placee's right to rely on that information is limited to the right that such Placee would have as a matter of law in the absence of this paragraph), such information being all that it deems necessary to make an investment decision in respect of the Placing Shares. Each Placee agrees that neither the Company, nor either of the Banks nor any of their respective officers, directors, partners or employees will have any liability for any such other information, representation or warranty, express or implied;
7. it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Banks or the Company;
8. that in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 5(2) of the Prospectus Regulation, (i) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State of the European Economic Area which has implemented the Prospectus Regulation and the United Kingdom other than Qualified Investors or in circumstances in which the prior consent of the Banks have been given to the offer or resale; or (ii) where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA or the United Kingdom other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
9. that neither it nor, as the case may be, its clients expect the Banks to have any duties or responsibilities to such persons similar or comparable to the duties of "best execution" and "suitability" imposed by the FCA's Conduct

of Business Source Book, and that the Banks are not acting for it or its clients, and that the Banks will not be responsible for providing the protections afforded to customers of the Banks or for providing advice in respect of the transactions described herein;

10. that it has made its own assessment of the Placing Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing and neither of the Banks nor the Company nor any of their respective affiliates, agents, directors, officers, partners or employees or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company or any other person other than the information in this Announcement or the Publicly Available Information; nor has it requested either of the Banks, the Company or any of their respective affiliates, agents, directors, officers, partners or employees or any person acting on behalf of any of them to provide it with any such information;

11. that the only information on which it is entitled to rely on and on which it has relied in committing to subscribe for the Placing Shares is contained in this Announcement, the Exchange Information and the Publicly Available Information (save that in the case of Exchange Information and Publicly Available Information, a Placee's right to rely on that information is limited to the right that such Placee would have as a matter of law in the absence of this paragraph), such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has made its own assessment of the Company, the Placing Shares and the terms of the Placing based on this Announcement, the Exchange Information and the Publicly Available Information;

12. that neither of the Banks nor the Company nor any of their respective Affiliates, agents, directors, officers, partners or employees has made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of this Announcement, the Exchange Information or the Publicly Available Information;

13. that it and the person(s), if any, for whose account or benefit it is subscribing for the Placing Shares is not subscribing for and/or purchasing Placing Shares as a result of any "directed selling efforts" as defined in Regulation S;

14. that, unless specifically agreed with the Banks, it is not and was not acting on a non-discretionary basis for the account or benefit of a person located within the United States at the time the undertaking to subscribe for and/or purchase Placing Shares was given and it is not acquiring Placing Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any Placing Shares into the United States and it will not reoffer, resell, pledge or otherwise transfer the Placing Shares except pursuant to an exemption from the registration requirements of the Securities Act and otherwise in accordance with any applicable securities laws of any state or jurisdiction of the United States;

15. that it is not a national or resident of Canada, Australia, New Zealand, the Republic of Ireland, Switzerland, the Republic of South Africa or Japan or a corporation, partnership or other entity organised under the laws of Canada, Australia, New Zealand, the Republic of Ireland, Switzerland, the Republic of South Africa or Japan and that it will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Placing Shares in Canada, Australia, New Zealand, the Republic of Ireland, Switzerland, the Republic of South Africa or Japan or to or for the benefit of any person resident in Canada, Australia, New Zealand, the Republic of Ireland, Switzerland, the Republic of South Africa or Japan and each Placee acknowledges that the relevant exemptions are not being obtained from the Securities Commission of any province of Canada, that no document has been or will be lodged with, filed with or registered by the Australian Securities and Investments Commission or Japanese Ministry of Finance and that the Placing Shares are not being offered for sale and may not be, directly or indirectly, offered, sold, transferred or delivered in or into Canada, Australia, New Zealand, the Republic of Ireland, Switzerland, the Republic South Africa or Japan;

16. if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Placing Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Placing Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

17. that it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Placing Shares and it is not acting on a non-discretionary basis for any such person;

18. that it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted, and will not, directly or indirectly, distribute, forward, transfer or otherwise transmit, any presentation or offering materials concerning the Placing or the Placing Shares to any persons within the United States;

19. that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as either Bank may in its discretion determine and without liability to such Placee;

20. that it is entitled to subscribe for and/or purchase Placing Shares under the laws of all relevant jurisdictions which apply to it and that it has fully observed such laws and obtained all governmental and other consents which may be required thereunder or otherwise and complied with all necessary formalities and that it has not taken any action which will or may result in the Company or the Banks or any of their respective directors, partners, officers, employees or agents acting in breach of any regulatory or legal requirements of any territory in connection with the Placing or its acceptance;
21. that it has obtained all necessary consents and authorities to enable it to give its commitment to subscribe for and/or purchase the Placing Shares and to perform its subscription and/or purchase obligations;
22. that where it is acquiring Placing Shares for one or more managed accounts, it is authorised in writing by each managed account: (a) to acquire the Placing Shares for each managed account; (b) to make on its behalf the representations, warranties, acknowledgements, undertakings and agreements in this Appendix and this Announcement of which it forms part; and (c) to receive on its behalf any investment letter relating to the Placing in the form provided to it by the Banks, provided that where the Placee is acting in its capacity as a discretionary investment manager on behalf of its underlying clients (who include individuals and/or retail clients), then it is the discretionary investment manager that is to be regarded as the Placee for the purpose of this Announcement and not the underlying client and, for the avoidance of doubt, the representations and warranties given are to be taken as made on behalf of the Placee itself and not their underlying client;
23. that it is either: (a) a person of a kind described in paragraph 5 of Article 19 (persons having professional experience in matters relating to investments and who are investment professionals) of the Order; or (b) a person of a kind described in paragraph 2 (a) to (d) of Article 49 (high net worth companies, unincorporated associations, partnerships or trusts or their respective directors, partners, officers or employees) of the Order; or (c) a person to whom it is otherwise lawful for this Announcement to be communicated and in the case of (a) and (b) undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
24. that, unless otherwise agreed by the Banks, it is a qualified investor (as defined in section 86(7) of the Financial Services and Markets Act 2000, as amended ("FSMA"));
25. that, unless otherwise agreed by the Banks, it is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook and it is purchasing Placing Shares for investment only and not with a view to resale or distribution;
26. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
27. that any money held in an account with either Bank (or its nominees) on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the rules and regulations of the FCA. Each Placee further acknowledges that the money will not be subject to the protections conferred by the FCA's client money rules. As a consequence, this money will not be segregated from the relevant Bank (or its nominee) money in accordance with such client money rules and will be used by such Bank in the course of its own business and each Placee will rank only as a general creditor of the relevant Bank;
28. that it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its ordinary shares in accordance with the Disclosure Guidance and Transparency Rules published by the FCA;
29. that it is not, and it is not acting on behalf of, a person falling within subsections (6), (7) or (8) of sections 67 or 70 respectively or subsections (2) and (3) of section 93 or subsection (1) of section 96 of the Finance Act 1986;
30. that it will not deal or cause or permit any other person to deal in all or any of the Placing Shares which it is subscribing for and/or purchasing under the Placing unless and until Admission of the relevant Placing Shares becomes effective;
31. that it appoints irrevocably any director of the relevant Bank as its agent for the purpose of executing and delivering to the Company and/or its registrars any document on its behalf necessary to enable it to be registered as the holder of the Placing Shares;
32. that, as far as it is aware it is not acting in concert (within the meaning given in The City Code on Takeovers and Mergers) with any other person in relation to the Company;
33. that this Announcement does not constitute a securities recommendation or financial product advice and that neither of the Banks nor the Company has considered its particular objectives, financial situation and needs;
34. that it has sufficient knowledge, sophistication and experience in financial, business and investment matters as is required to evaluate the merits and risks of subscribing for or purchasing the Placing Shares and is aware that it may be required to bear, and it, and any accounts for which it may be acting, are able to bear, the economic risk

of, and is able to sustain, a complete loss in connection with the Placing;

35. that it will indemnify and hold the Company and each of the Banks and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the Company and the Banks will rely on the truth and accuracy of the confirmations, warranties, acknowledgements and undertakings herein and, if any of the foregoing is or becomes no longer true or accurate, the Placee shall promptly notify the Banks and the Company. All confirmations, warranties, acknowledgements and undertakings given by the Placee, pursuant to this Announcement (including this Appendix) are given to the Banks for itself and on behalf of the Company and will survive completion of the Placing and Admission;

36. that time shall be of the essence as regards obligations pursuant to this Appendix;

37. that it is responsible for obtaining any legal, financial, tax and other advice that it deems necessary for the execution, delivery and performance of its obligations in accepting the terms and conditions of the Placing, and that it is not relying on the Company or the Banks to provide any legal, financial, tax or other advice to it;

38. that all dates and times in this Announcement (including this Appendix) may be subject to amendment and that the Banks shall notify it of such amendments;

39. that (i) it has complied with its obligations under the Criminal Justice Act 1993, Part VIII of FSMA and the Market Abuse Regulation, (ii) in connection with money laundering and terrorist financing, it has complied with its obligations under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000 (as amended), the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and (iii) it is not a person: (a) with whom transactions are prohibited under the applicable law or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the U.S. Department of the Treasury; (b) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or (c) subject to financial sanctions imposed pursuant to a regulation of the European Union or a regulation adopted by the United Nations (together, the "**Regulations**"); and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such purchase, and it will provide promptly to the Banks such evidence, if any, as to the identity or location or legal status of any person which either Bank may request from it in connection with the Placing (for the purpose of complying with such Regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by the Banks on the basis that any failure by it to do so may result in the number of Placing Shares that are to be subscribed for and/or purchased by it or at its direction pursuant to the Placing being reduced to such number, or to nil, as the Banks may decide in their absolute discretion;

40. that it will not make any offer to the public of those Placing Shares to be subscribed for and/or purchased by it for the purposes of the Prospectus Regulation Rules made by the FCA pursuant to Prospectus Regulation Rules Instrument 2019 (FCA 2019/80);

41. that it will not distribute any document relating to the Placing Shares and it will be acquiring the Placing Shares for its own account as principal or for a discretionary account or accounts (as to which it has the authority to make the statements set out herein) for investment purposes only and it does not have any contract, understanding or arrangement with any person to sell, pledge, transfer or grant a participation therein to such person or any third person with respect of any Placing Shares; save that if it is a private client stockbroker or fund manager it confirms that in purchasing the Placing Shares it is acting under the terms of one or more discretionary mandates granted to it by private clients and it is not acting on an execution only basis or under specific instructions to purchase the Placing Shares for the account of any third party;

42. that it acknowledges that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or the Banks in any jurisdiction in which the relevant Placee is incorporated or in which its assets are located or any of its securities have a quotation on a recognised stock exchange;

43. that any documents sent to Placees will be sent at the Placees' risk. They may be sent by post to such Placees at an address notified to the Banks;

44. that the Banks owe no fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement;

45. the Banks and the Company are entitled to exercise any of their rights under the Placing Agreement or any

other right in their absolute discretion without any liability whatsoever to them;

46. any of the Placee's clients, whether or not identified to either Bank, will remain its sole responsibility and will not become clients of the Banks for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;

47. that the Banks or any of their respective Affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares;

48. that no prospectus, admission document or other offering document has been or will be prepared in connection with the Placing and it has not received and will not receive a prospectus, admission document or other offering document in connection with the Placing or the Placing Shares; and

49. that if it has received any confidential inside information concerning the Company in advance of the publication of this Announcement, it has not: (i) dealt in the securities of the Company; (ii) encouraged, required, recommended or induced another person to deal in the securities of the Company; or (iii) disclosed such information to any person, prior to such information being made publicly available.

The Company, the Banks and their respective affiliates will rely upon the truth and accuracy of each of the foregoing representations, warranties, acknowledgements and undertakings which are given to each of the Banks for themselves and on behalf of the Company and are irrevocable.

The provisions of this Appendix may be waived, varied or modified as regards specific Placees or on a general basis by the Banks.

The agreement to settle a Placee's subscription and/or purchase (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes that the Placing Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other subsequent dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company or the Banks will be responsible, and the Placee to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such UK stamp duty or stamp duty reserve tax undertakes to pay such UK stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and the Banks in the event that any of the Company and/or the Banks have incurred any such liability to UK stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify the Banks accordingly.

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

This Announcement has been issued by, and is the sole responsibility, of the Company. No representation or warranty expressed or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by the Banks or by any of their respective affiliates or agents as to or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

## **DEFINITIONS**

In this Appendix to the Announcement and, as the context shall admit, in the Announcement:

**'Act'** means the Companies Act 2006, as amended from time to time;

**'Admission'** means the admission of all the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies;

**'AIM'** means the market of that name operated by the London Stock Exchange;

**'AIM Rules for Companies'** means the provisions of the London Stock Exchange's AIM Rules for Companies as amended from time to time governing, inter alia, admission to AIM and the continuing obligations of AIM companies;

**'Announcement'** means this announcement (including the appendix to this announcement);

**'AV'** means audio-visual;

**'Berenberg'** means Joh. Berenberg, Gossler & Co, KG, a German form of limited partnership established under the laws of the Federal Republic of Germany registered with the Commercial Register at the local court of the

City of Hamburg under registered number HRA 42659 with its registered office at Neuer Jungfernstieg 20, 20354 Hamburg, Germany, acting through its London Branch at 60 Threadneedle Street, London EC2R 8HP;

'**Business Day**' means any day on which banks are generally open in England and Wales for the transaction of business, other than a Saturday, Sunday or public holiday;

'**Contract Note**' means the trade confirmation to be sent to each Placee stating the number of Placing Shares allocated to it at the Placing Price, the aggregate amount owed by such Placee to the relevant Bookrunner (as agent for the Company) and settlement instructions;

'**CREST**' means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations);

'**CREST Regulations**' means the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time;

'**Directors**' or '**Board**' means the directors of the Company as at the date of this Announcement;

'**FCA**' means the Financial Conduct Authority of the United Kingdom;

'**FSMA**' means the Financial Services and Markets Act 2000 (as amended);

'**Group**' or '**Company**' means Midwich Group plc;

'**Investec**' means Investec Bank plc, registered in England and Wales with number 00489604, whose registered office is at 30 Gresham Street, London EC2V 7QP;

'**Joint Bookrunners**' or '**Banks**' means, together, Investec and Berenberg;

'**London Stock Exchange**' means London Stock Exchange plc;

'**Placee**' means the persons who are to subscribe for Placing Shares pursuant to the Placing;

'**Placing**' means the placing of the Placing Shares by the Joint Bookrunners, on behalf of the Company, with Placees pursuant to the Placing Agreement;

'**Placing Agreement**' means the placing agreement dated 7 February 2020 between the Company, Investec and Berenberg in respect of the Placing;

'**Placing Price**' means £5.00 (5p) per Placing Share;

'**Placing Shares**' means the up to 7,944,800 new Ordinary Shares to be issued by the Company pursuant to the Placing;

'**Prospectus Regulation**' means Regulation (EU) 2017/1129;

'**Securities Act**' means the US Securities Act of 1933, as amended;

'**Ordinary Shares**' means the ordinary shares of £0.01 each in the capital of the Company;

'**UC**' means Unified Communications, a segment of the AV market focused on the provision of integrated communication tools;

'**United Kingdom**' or '**UK**' means the United Kingdom of Great Britain and Northern Ireland;

'**United States**' or '**US**' means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

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