



**Orogen PLC** - ORE Proposed Acquisition and Notice of General Meeting  
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This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

**Orogen plc**  
("Orogen" or the "Company")

**Proposed Acquisition of Thread 35 Ltd**  
**Share Capital Consolidation**  
**Change of Name to Sosandar plc**  
**Placing of 35,099,338 new Ordinary Shares at a price of 15.1 pence per share**  
**Admission of the Enlarged Ordinary Share Capital to trading on AIM**  
**Approval of Waiver of Obligations under Rule 9 of the Takeover Code**  
**Adoption of New Articles**  
**and**  
**Notice of General Meeting**

Orogen is pleased to announce the proposed acquisition of Thread 35 Limited ("Thread"), which operates an e-commerce womenswear brand under the brand name "Sosandar" for a total consideration of £6.3m. This acquisition, which is subject to shareholder approval, constitutes a reverse transaction under the AIM Rules. Upon completion the Company will trade under the name of Sosandar plc and new ticker symbol "SOS".

The Company also announces that it has conditionally raised £5.3 million (before expenses) through a conditional placing of 35,099,338 new Ordinary Shares at 15.1 pence per share, which will be used to finance the development of Thread and for working capital.

## Highlights

The Directors believe that Sosandar presents an attractive opportunity for the following reasons:

- Sosandar is targeted at a demographic that, in the year ended December 2016, spent £3.7 billion on fashion;<sup>1</sup>
- It is the belief of the Directors that this significant portion of the market is currently under-served, with no trend-led e-commerce fashion brand targeting this demographic with an affordable offering;
- The UK online fashion market was valued at £16.2 billion in 2017, and is predicted to grow to £29.0 billion by 2022;<sup>2</sup>
- The Directors believe the investment proposition represents an opportunity to invest in a company with potential for upside at an early stage;
- Sosandar has consistently increased its subscriber base since its launch in September 2016 and has received positive media coverage, allowing for the continued growth of its brand awareness in the marketplace;
- The management team of Thread has extensive experience within the fashion industry, a solid understanding of their target demographic and is well connected within the fashion and media industries; and
- The Existing Directors have a range of experience covering fund-raising, early phase corporate development, digital media and operating in public markets.

<sup>1</sup> Source: GB TGI 2017 Q2 (January 2016 - December 2016), Kantar Media UK Ltd - base 9,571 women

<sup>2</sup> Source: Mintel-UK fashion online, published UK, June 2017

## Background and Rationale for the Acquisition

On 7 April 2017, Orogen became an AIM Rule 15 cash shell having concluded that continuing as a gold exploration company was no longer in investors' best interests. On 26 May 2017, Orogen announced it had agreed heads of terms with Thread to acquire its entire issued share capital, subject to certain conditions and due diligence.

Sosandar is the brainchild of award winning Julie Lavington and Ali Hall, founders of leading fashion magazine "Look", and has been carefully positioned as a one stop shop for the affluent, professional woman who has graduated from price-led alternatives. Sosandar has completed two seed investment rounds to fund the design of the initial Sosandar fashion range from scratch, build the 'mobile-first' website and develop a scalable supply chain including overseas manufacturers and UK based logistics suppliers.

Sosandar is targeting a high spend, underserved demographic which currently spends £3.7 billion a year on fashion and has consistently increased its subscriber base since its launch in September 2016.

The Existing Directors believe that completion of the Acquisition represents an exciting opportunity for the Company with potential to increase Shareholder value and represents an opportunity to invest in a company with potential for upside at an early stage.

## Notice of GM

The Acquisition, if completed, will constitute a reverse takeover under the AIM Rules and as such is subject to the approval of Shareholders at the General Meeting of the Company to be held on 1 November 2017, notice of which is set out at the end of the Admission Document, which will be posted to Shareholders today and will shortly be available on the Company's website: [www.rogen.co.uk](http://www.rogen.co.uk).

At the same time, the Company is proposing a capital reorganisation which will consolidate every 10 Existing Ordinary Shares of 0.01p each into one new Ordinary Share of 0.1p each.

## Suspension

Further to the announcement dated 26 May 2017, trading in the Company's Ordinary Shares on AIM will remain suspended pending the Admission of the Enlarged Ordinary Share Capital following the General Meeting.

Adam Reynolds, Chairman of Orogen, said: "We are delighted to announce the proposed Acquisition of the Sosandar business, a design-led online womenswear brand. Sosandar is well positioned to benefit from the rapidly expanding online women's fashion market and we believe will deliver value for Shareholders having recognised an underserved segment of the market.

"Sosandar's management team has extensive experience with the fashion sector, a solid understanding of their target demographic and is well connected with the fashion and media industries. Since its inception in 2016, Sosandar has quickly established itself and is already creating a stir in the fashion industry.

"Following completion of the Acquisition, I am pleased to announce that Julie Lavington and Ali Hall, the Founders of Thread, will join the Board as joint Chief Executives. Bill Murray, the current Chairman of Thread, will become Non-Executive Chairman of Orogen and I will remain on the Board as a Non-Executive Director. Nick Mustoe will also join the Board as a Non-Executive Director and Steve Metcalfe will step down from the Board. I would like to thank Steve for all his help over recent months in concluding this agreement with Thread."

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## 1. INTRODUCTION

On 21 March 2017, Orogen announced that it had completed a review of its operations and concluded that it was no longer in Shareholders' interests for the Company to continue to provide financial support for its mineral exploration activities. It was therefore proposed to dispose of the Company's mineral exploration interests and to change the Company's business strategy. The decision to cease the Company's mineral exploration activities represented a fundamental change of business under Rule 15 of the AIM Rules for Companies and, following a general meeting of Shareholders on 7 April 2017, Orogen became an AIM Rule 15 cash shell. Pursuant to the AIM Rules for Companies, the Company is required to make an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules for Companies within six months of the general meeting on 7 April 2017.

On 26 May 2017, trading on AIM in the Company's Existing Ordinary Shares was temporarily suspended following an announcement on the same date that the Company had agreed heads of terms to acquire Thread's entire issued share capital, which comprises the A Shares and the B Shares in Thread, subject to certain conditions and due diligence.

The Company is now pleased to announce that, subject to Shareholders' approval of the Resolutions, the Company has agreed to acquire the A Shares and has made an offer to acquire the B Shares in Thread. Thread is an online fashion retailer trading under the name Sosandar, which is focused on trend-led clothes that cater to a generation of women who have graduated from younger brands. The consideration for the acquisition of the A Shares is £1,604,467, to be satisfied by the issue of the Consideration Shares at the Issue Price. The consideration for the acquisition of the B Shares pursuant to the Offer is £4,681,247, to be satisfied in cash. The Placing is conditional on the Thread B Shareholders agreeing to subscribe for not less than 90 per cent. of the Subscription Shares. If all of the Thread B Shareholders reinvest the cash consideration they receive under the Offer to subscribe for the Subscription Shares at the Issue Price, this would result in the issue of 30,981,434 Ordinary Shares, raising £4,681,247 for the Company.

If the Acquisition is completed, it will constitute a reverse takeover under AIM Rules for Companies and will have the effect of changing the status of the Company from an AIM Rule 15 cash shell to an operating company, and accordingly will be subject, *inter alia*, to the approval of Shareholders under AIM Rule 14.

The Company has also conditionally raised a further £5.3 million before expenses through the issue of 35,099,338 Placing Shares to institutional and other investors at the Issue Price pursuant to the Placing. Further details of the Placing and the Subscription are set out in paragraph 13 below.

Furthermore, the Company intends to seek Shareholder approval to perform a share consolidation of every ten Existing Ordinary Shares into one new Ordinary Share. Further details of the Consolidation are set out in paragraph 7 below.

The Company is in the process of disposing of its remaining interests. Thereafter, the Enlarged Group's operations will constitute exclusively those of Thread. Details of the business and operations of Thread are set out in paragraph 3 below.

On completion of the Acquisition, the Concert Party (comprising the existing shareholders in Thread and the Existing Directors who are all deemed to be acting in concert) will hold up to 46,647,016 Ordinary Shares on Admission, representing 43.7 per cent. of the Enlarged Ordinary Share Capital. Under Rule 9 of the Takeover Code, the Concert Party would normally then be obliged to make a general offer to all Shareholders (other than the Concert Party) to acquire all the Ordinary Shares not owned by the Concert Party. The Panel has agreed to waive this obligation subject to the approval of the Independent Shareholders of the Whitewash Resolution (on a poll) at the General Meeting. The Acquisition is therefore also subject to the approval of the Whitewash Resolution by the Independent Shareholders.

It is further proposed that the Company changes its name to Sosandar plc, adopts the New Articles and buys back all of its Deferred Shares and B Deferred Shares.

The Proposals are to be put to Shareholders at the General Meeting. The Notice of General Meeting is set out in the Admission Document being sent to Shareholders today. The Proposals are conditional, *inter alia*, on the passing of the Resolutions and Admission. The General Meeting of the Company at which the Resolutions will be proposed has been convened for 11.00 a.m. on 1 November 2017 at the offices of Jeffreys Henry LLP at Finsgate, 5-7 Cranwood Street, London EC1V 9EE. If the Resolutions are approved by Shareholders, it is expected that Admission will become effective and dealings in the Enlarged Ordinary Share Capital will commence on AIM on or around 2 November 2017.

## **2. BACKGROUND TO AND REASONS FOR THE ACQUISITION**

On 21 March 2017, Orogen announced that it intended to dispose of its mineral exploration interests and to change its business strategy. The decision to cease the Company's mineral exploration activities represented a fundamental change of business under Rule 15 of the AIM Rules for Companies and, following a general meeting of Shareholders on 7 April 2017, Orogen became an AIM Rule 15 cash shell. Pursuant to the AIM Rules for Companies, the Company is required to make an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules for Companies within six months of the date of the general meeting on 7 April 2017 otherwise the trading of the Company's shares on AIM will be suspended.

Since 21 March 2017, the Company has been reviewing a number of possible acquisition targets in a range of sectors. On 26 May 2017, Orogen announced that it had agreed heads of terms to acquire the entire issued share capital of Thread, subject to certain conditions and due diligence.

The Existing Directors believe that completion of the Acquisition, which will have the effect of changing the status of the Company from an AIM Rule 15 cash shell to an operating company, represents an exciting opportunity for the Company with potential to increase Shareholder value. Further details of the Existing Directors' views on the opportunity are set out in paragraph 3.2 below.

Accordingly, the Existing Directors propose that, subject to Shareholders' approval of the Resolutions, the Company will acquire the entire issued share capital of Thread. The Company is in the process of disposing of its remaining interests. The Enlarged Group's operations will thereafter constitute exclusively those of Thread. Details of the business and operations of Thread are set out in paragraph 3 below.

## **3. INFORMATION ON THREAD**

### **3.1 HISTORY AND BACKGROUND**

Thread, trading under the name Sosandar, was incorporated and registered in England and Wales on 16 March 2015 with registered number 09491272. Sosandar's founders are Alison Hall and Julie Lavington, who have previously worked together at high street

fashion and celebrity style magazine Look, as editor and publishing director respectively. They have a combined experience of over 35 years in the media and fashion industries, including in the design of fashion ranges for some of the UK's high street retailers, including Debenhams, Office, Oasis and JD Williams.

Sosandar is an online womenswear brand specifically targeted at a generation of women who have graduated from younger online and high street brands, and are looking for affordable clothing with a premium, trend-led aesthetic. Based on previous experience within the UK fashion industry and their understanding of the target demographic, this is a section of the market that the Founders believe is currently being overlooked.

Sosandar was successfully launched on 19 September 2016 following ten months of preparation that included building the management team, designing the initial Sosandar range, sourcing suitable suppliers, appointing a logistics provider and building the website. The Sosandar business model is built around using trend-led, in house designs that are sourced from a variety of global suppliers to cater for a growing market of fashion conscious women, while utilising an outsourced logistics provider that can support its planned growth over the coming years.

Since the launch, consumer appetite for Sosandar's offering has indicated demand from its target demographic, with total gross sales for the 11 months ended 31 July 2017 of £847,000 and net sales (after returns) of £478,000 and a growing customer base and social media following. This has been further supported by extensive media coverage both in the national press and on TV.

To date, Sosandar has raised a total of £2.7 million over two fundraising rounds. The first was held between September 2015 and March 2016, resulting in a total raise of £2.13 million. This allowed the Founders to build the website, establish key members of the team, and design and source 74 lines of stock in preparation for the Sosandar launch. The second fundraising round, which was for general working capital purposes, took place between January 2017 and March 2017 and raised a total of £0.61 million.

Following the fundraising rounds completed to date, the Founders now hold between them 25.5 per cent. of the issued share capital of Thread, split equally between them. The remaining share capital is held by private investors in Sosandar. All the shareholders in Thread are included in the Concert Party.

On 26 May 2017, Orogen announced that it had agreed heads of terms to acquire Thread's entire issued share capital, subject to certain conditions and due diligence. As part of the proposed Acquisition, the Company made a loan of £750,000 to Thread, which was drawn down in three tranches. The first tranche of £100,000 was drawn down on 26 May 2017, the second tranche of £150,000 was drawn down on 14 June 2017 and two further amounts of £250,000 each were drawn down on 4 July 2017 and 10 August 2017 respectively. The total amount of the Loan as at the date of this announcement is £750,000.

### **3.2 INVESTMENT OPPORTUNITY**

The Directors believe that Sosandar presents an attractive opportunity for the following reasons:

- Sosandar is targeted at a demographic that, in the year ended December 2016, spent £3.7 billion on fashion;<sup>1</sup>
- It is the belief of the Directors that this significant portion of the market is currently under-served, with no trend-led e-commerce fashion brand targeting this demographic with an affordable offering;
- The UK online fashion market was valued at £16.2 billion in 2017, and is predicted to grow to £29.0 billion by 2022;<sup>2</sup>
- The Directors believe the investment proposition represents an opportunity to invest in a company with potential for upside at an early stage;
- Sosandar has consistently increased its subscriber base since its launch in September 2016 and has received positive media coverage, allowing for the continued growth of its brand awareness in the marketplace;
- The management team of Thread has extensive experience within the fashion industry, a solid understanding of their target demographic and is well connected within the fashion and media industries; and
- The Existing Directors have a range of experience covering fund-raising, early phase corporate development, digital media and operating in public markets.

<sup>3</sup> Source: GB TGI 2017 Q2 (January 2016 - December 2016), Kantar Media UK Ltd - base 9,571 women

<sup>4</sup> Source: Mintel-UK fashion online, published UK, June 2017

### **3.3 MARKET AND COMPETITION**

#### **Market**

Sosandar operates in the online retail market for clothing and footwear within the UK. As an online retailer, it is able to reach markets outside the UK, although its current focus is primarily domestic. The UK fashion market including online has shown consistent growth over the past decade.

It was estimated by the British Retail Consortium that in October 2015, online sales accounted for roughly 26.3 per cent. of all UK fashion market purchases, with this figure forecast to increase due to convenience and time-poor consumers' appetite for innovative fulfilment.

The online market, and the increasing numbers of retailers moving into this space, brings with it a number of advantages and disadvantages not seen with the traditional "physical" fashion market.

The key advantages include the ability to reach the consumer regardless of location at any time of the day, and the ability to grow a customer base through both traditional media channels and social media channels.

The key disadvantages include a downward pressure on profit margins due to a high level of returns seen in the online space (40 per cent. returns is not uncommon) and the increased logistical costs that these returns bring. Additionally, an ever increasing number of players in the market results in increased capacity and competition without significantly increasing overall demand.

Success within the UK online fashion retail market is dependent, amongst other things, upon the ability to build a loyal customer base and provide relevant products at attractive price points and ease of delivery and returns. Sosandar aims to combine these with a trend-led offering. It also intends to exploit the convergence of e-commerce and media, providing relevant content in order to remain close to customers in what the Directors believe is an under-served section of this growing market. The Directors also believe they have in place a management team that is able to build upon the customer base already captured since Sosandar's launch in September 2016.

## **Competition**

Due to the size and rate of growth of the market, a significant number of online fashion retailers operate in the UK. The increased level of competition has resulted in increased innovation in order for new players to gain market share, and existing players to retain and/or grow market share. It is the strategy of Sosandar to differentiate itself by focusing on a target demographic that the Founders believe is currently being overlooked by the competition. The Founders consider Mint Velvet to be Sosandar's closest competitor in terms of target demographic, although Sosandar's average price point is lower and is more trend-led, with more of a focus on dresses and workwear. Mint Velvet is more focused on casual wear.

Domestic online competitors include:

### **ASOS**

Online offering selling both branded and own brand clothing, footwear and accessories. ASOS has a wide target demographic, although its primary focus is on a much younger audience than Sosandar's offerings (18-30 years demographic).

### **Boohoo**

Online offering selling predominantly own brand clothing, footwear and accessories, targeted at 16-24 year old consumers globally. Boohoo clothing is also available through sites such as ASOS and Next.

### **Mint Velvet**

Mint Velvet sells own brand clothing, footwear and accessories online and has a small number of physical stores. Its collection is also available in high street department stores.

### **Net-A-Porter**

Online retailer of several designer fashion brands. Net-A-Porter is targeted at the top end of the fashion market, at a price point significantly above that of Sosandar.

### **Missguided**

Online brand with 2 physical stores, and availability on other online retail sites and in department stores through 3 concessions. Target demographic of 16-30 year olds.

As new competitors will continue to appear in the market place, the Founders acknowledge the need to continually innovate in order to maintain and grow Sosandar's customer base.

### 3.4 BUSINESS OVERVIEW

#### Employees

As at the date of this announcement, Sosandar employs a total of 11 individuals on a full-time basis. The employees are split between marketing, sourcing, design and finance. Additionally, a total of four consultants are contracted to assist the team, including the head of public relations, a merchandiser and a media manager. The Directors acknowledge that as Sosandar continues to grow, certain roles currently performed by consultants on a part time basis will likely need to be brought in-house on a full time basis, and the overall staff base will likely increase.

Further details of the Founders, Proposed Directors and senior management are set out in paragraph 5 below.

#### Premises

Sosandar occupies leased office space in the centre of Wilmslow, at 40 Water Lane SK9 5AP. The office space houses all of Sosandar's operations, with the exception of the outsourced suppliers and warehousing. The site includes a studio space, allowing for the majority of the photographic content used for the Sosandar website and its marketing releases to be created and controlled centrally.

The outsourced warehousing and logistics provider, Clipper Logistics, is based at Barlby Road, Selby, YO8 5BL.

#### Product range

The current range offering comprises a total of over 180 SKUs, having grown from 74 at launch. The Directors believe the USP of the Sosandar range is trend-led, affordable, quality clothing specifically aimed at its target demographic. Key differentiators are longer lengths and the variety of sleeve options, and chic dresses that flatter women's body shapes.

The split of the Sosandar offering by product type is as follows.

<i>Product Type</i>	<i>% of Range</i>	<i>Net Margin</i>	<i>Product Type</i>	<i>% of Range</i>	<i>Net Margin</i>
Denim	1%	69%	Outerwear	4%	51%
Dresses	29%	55%	Shoes	7%	32%
Jersey	9%	56%	Skirts	10%	48%
Jumpsuit	1%	53%	Tops	18%	45%
Knitwear	13%	52%	Trousers	7%	58%
<b>Total net selling margin</b>					<b>50%</b>

Cumulative to 9 July 2017

Sosandar has complete control over its product range as all items are designed in-house. This allows management to keep a tight control on the Sosandar offering to ensure it remains focused on the target demographic. As the range is trend-led, it is constantly changing through the introduction of new designs and fabrics. The high level of control over the product range allows Sosandar to react quickly to changes in the market place. The performance of the range is constantly monitored on an item by item basis by management in order to identify top selling and slow moving items. This analysis in turn acts as one of the drivers for the design process.

While it is the current strategy of Sosandar to focus solely on its own designs, the management is not averse to the possibility of stocking other brands that align with the Sosandar style, target audience and price point. It is acknowledged that this consideration will need to be monitored, particularly as Sosandar continues to grow.

#### Design process

All product design is performed in-house and led by the Founders in conjunction with the head of design, while also drawing upon the experience of the head of sourcing and the wider team. Design meetings are held several times a week, at which a number of considerations are taken into account, including:

- Recent performance of the Sosandar range;
- Analysis of trend forecasting; and
- Analysis of catwalks, fashion shows and market trends.

The meetings are designed to identify both those items which the management team believes will satisfy unmet demand from the existing and growing customer base, and also

the trend-led designs that should be reflected in the Sosandar range to hit the target demographic.

Once these have been identified, initial sketches are produced and reviewed, and relevant measurements and specifications are compiled into a technical pack and sent to one of the suppliers within the Sosandar network. Once a sample has been returned, the design team will make any required adjustments and return an updated technical pack to the chosen supplier as required.

The time period from commencing the design process to the point at which an item becomes available on the website for purchase ranges from eight to 22 weeks, dependent upon both the nature of the item and the geographical location of the chosen supplier.

<i>Product(s)</i>	<i>Location</i>	<i>Currency</i>	<i>Average lead time*</i>
Dresses, Tops, Trousers	India	GBP/USD	20 weeks
Footwear	Spain/Portugal	EUR	16 weeks
Knitwear, Skirts	China	USD	22 weeks
Jerseywear, Knitwear	UK	GBP	8 weeks
Tailoring	Romania	GBP	16 weeks
Denim, Jersey	Turkey	GBP	16 weeks
Dresses	Sri Lanka	GBP	22 weeks
Knitwear, Denim	Bangladesh	USD	22 weeks

\*Total process inclusive of in-house product design, compilation of technical pack, sample receipt, and any required iterations.

### **Suppliers**

Sosandar has established a network of 16 suppliers that are willing to produce what is considered within the industry to be relatively small order quantities. This network has been developed since launch due to the fact that the Sosandar team has extensive experience and contacts within the industry, has generated goodwill that allows them to achieve favourable trading terms and has mitigated the risk of over reliance on a small number of specific suppliers. The performance of each supplier is subject to constant monitoring and review by the Sosandar team, through analysis of customer feedback and returns levels.

Orders are placed with individual suppliers by the head of sourcing, and have a variety of lead times depending on both the nature of the product and geographical location of the supplier. The average lead time once an order has been placed and the supplier is in receipt of a finalised technical pack is around four to 18 weeks. Sosandar's purchases are made in GBP, Euros and USD.

Sosandar aims to use suppliers that adhere to the Ethical Trading Initiative Base Code, an internationally recognised code of labour practice.

### **Logistics**

Sosandar utilises a third party, Clipper Logistics, for warehousing, e-fulfilment and distribution. Clipper Logistics, based in Selby, is a well-known logistics provider for the retail industry, and performs such services for a number of high street and online brands. Clipper Logistics has a dedicated resource allocated to Sosandar in order to meet the terms of the agreement in place that is comprised of an account handler and an operations manager, and has additional resource available as demand requires.

The services performed by Clipper Logistics include:

- Receipt of inbound deliveries from suppliers
  - Liaison with carriers to accept deliveries into the Clipper premises.
  - Unloading of product on receipt.
  - Confirmation of quantities received.
- Storage
  - Placement of received product into warehousing.
  - Stock counting.
- Dispatch of orders
  - Picking of web orders for Sosandar.
  - Packing of each order to an agreed presentation specification.

- o Confirmation of orders despatched.
- o Loading of orders onto carrier vehicles (Royal Mail).
- Order returns/cancellations
  - o Where appropriate and agreed, process returned product back into stock where possible.
  - o List all stock unable to be returned to stock.
  - o Confirmation of returned orders.

The systems at Clipper Logistics are connected to the Sosandar systems via an Application Programming Interface (API) link to ensure no disconnect exists between stock levels shown on the website and physical stock held.

### **IT systems**

The automated system relied upon by Sosandar for its day to day operations comprises Magento (most commonly used e-commerce platform) and Priam (stock system).

When orders are placed by the customer on the website, the transaction occurs on Magento, utilising various merchant services (such as PayPal). Once this has been completed, the order goes live on the Priam system, which is connected via the API to the Priam system used by Clipper Logistics. Priam updates the Magento stock levels each morning and when an order is placed on Magento this reduces the free stock available for sale. The order is then live in Priam and processed by Clipper Logistics who pick, pack and send out for delivery.

The Sosandar website is currently managed by an in-house e-commerce team overseen by the Founders. Technical development and fixes are performed by a Magento freelance consultant who is managed by the head of marketing and e-commerce. The website is responsive in design to all screen sizes and therefore fully optimised for both mobile and desktop browsing.

### **Social media**

Sosandar is focused on the convergence of e-commerce and media, the utilisation of social media is an important factor for brand awareness, brand reputation, customer growth and customer retention. Sosandar maintains an active presence on a variety of social media channels including:

- Facebook (over 20,500 likes, over 20,800 followers);
- Twitter (over 200 followers); and
- Instagram (over 1,300 followers).

Sosandar has a content creation resource, responsible for the management of the social media presence of the brand. Additionally, performance of the social media channels is monitored on an ongoing basis by the head of marketing and e-commerce and overseen by the Founders.

### **3.5 STRATEGY**

The strategy of Sosandar is to seek continued growth of a loyal customer base within the UK, and to manage this growth carefully without compromising on the level of quality of its products or its customer service. The management team aims to take advantage of the increasing convergence of e-commerce and media, utilising the combined experience of the team in order to achieve this growth.

### **Marketing strategy**

The marketing strategy is a combination of both paid and unpaid channels, the results of which are constantly monitored by management through the use of various analytical tools. Levels of click-throughs and resultant orders are analysed for each individual marketing piece where applicable, allowing management to continually adapt their marketing strategy in order to optimise results.

Unpaid channels include:

- Regular e-mail newsletters;
- Organic social media growth;
- Natural search function;
- Television/newspaper/magazine/website editorial coverage;

- Influencer coverage; and
- Celebrity coverage.

Paid channels include:

- Paid social media growth;
- Paid search and retargeting; and
- Offline marketing.

Since Sosandar's launch in September 2016, the marketing strategy has resulted in a total of over 13,000 registered users. The average number of daily visitors to the website in July 2017 was approximately 2,900.

### **Product strategy**

Sosandar has managed to provide a wide offering of products from an early stage due to favourable terms from suppliers. As the customer base grows, it is the strategy of Sosandar to continue to increase its range at higher order numbers, resulting in both a better selection for the consumer and an improved margin for Sosandar due to higher orders placed with suppliers, while also continuing to meet the needs of the target demographic and build the brand.

Regular design meetings are held by management at which the performance of the existing range is considered. Monitoring this performance, in addition to trend-led analysis, helps management ascertain how to implement its strategy correctly. To date, analysis of sales has shown that approximately 65 per cent. of sales are made to customers that fall within the target demographic.

The Directors believe that continued implementation of the Sosandar strategy will result in further customer growth and retention.

### **3.6 BOARD AND MANAGEMENT**

Following Completion and with effect from Admission, Alison Hall and Julie Lavington will be appointed Joint-CEOs of the Enlarged Group and Bill Murray will be appointed as Non-Executive Chairman. Nick Mustoe will be appointed as a Non-Executive Director of the Enlarged Group. Full biographies of the Proposed Directors are included below in paragraph 5 below.

### **3.7 SELECTED FINANCIAL INFORMATION - THREAD 35 LTD**

The selected financial information has been extracted from the historical financial information included in the Admission Document.

#### **Statement of Financial Position**

	<i>As at</i>	<i>As at</i>
	<i>31 March</i>	<i>31 October</i>
	<i>2017</i>	<i>2015</i>
	<i>£'000</i>	<i>£'000</i>
<b>Assets</b>		
Non-current assets	265	-
Current assets	762	1,780
<b>Total assets</b>	<b>1,027</b>	<b>1,780</b>
<b>Liabilities</b>		
Non-current liabilities	-	-
Current liabilities	282	-
<b>Total Liabilities</b>	<b>282</b>	<b>-</b>
<b>Net assets</b>	<b>745</b>	<b>-</b>
<b>Equity and reserves</b>	<b>745</b>	<b>1,780</b>

- As at 31 October 2015, current assets of Thread comprised cash of £1,745,000 and a small amount of receivables, as the company had yet to commence trading.
- As at 31 March 2017, Thread had commenced trading and as such its balance sheet comprised cash, stock and trade receivables/trade payables.

### Statement of Comprehensive Income

	<i>17 months ended 31 March 2017 £'000</i>	<i>16 March to 31 October 2015 £'000</i>
Revenue	278	-
Cost of sales	(173)	-
Administrative expenses	(1,931)	(176)
<b>Loss from operations</b>	<b>(1,826)</b>	<b>(176)</b>
Finance costs	3	-
Taxation	-	-
<b>Total comprehensive loss for the period</b>	<b>(1,823)</b>	<b>(176)</b>

- During the period to 31 October 2015, Thread incurred various administrative expenses in preparation for the Sosandar launch.
- During the period to 31 March 2017, Thread continued to incur various operational costs in preparation for the launch in September 2016, and subsequently started to generate revenue/incur costs of sales.

### Current Trading

The unaudited internal accounting records for Thread for the five months ended 31 August 2017 show revenues of circa £240,000 and cost of sales of circa £123,000 which is in line with management expectations and budget for the financial year.

Since 25 May 2017, Thread has been primarily funded by way of the £750,000 loan provided by the Company.

An unaudited pro forma statement of net assets for the Enlarged Group on Admission is included in the Admission Document.

## 4. INFORMATION ON OROGEN

### 4.1 AIM RULE 15 CASH SHELL STATUS AND CURRENT GROUP STRUCTURE

On 21 March 2017, Orogen announced that it had concluded that it was no longer in Shareholders' interests for the Company to continue to provide financial support for its mineral exploration activities. The decision to cease the Company's mineral exploration activities represented a fundamental change of business under Rule 15 of the AIM Rules for Companies and, following a general meeting of Shareholders on 7 April 2017, Orogen became an AIM Rule 15 cash shell.

The Company is in the process of disposing of its remaining interests.

As at the date of this announcement, and immediately prior to Admission, the Group structure is, and will be, as follows:

Medavinci Gold Limited is an intermediate holding company and wholly owned subsidiary of the Company. It was incorporated in England and Wales on 18 May 2010.

Orogen Gold Limited is also an intermediate holding company and wholly owned subsidiary of Medavinci Gold Limited. It was incorporated in the Republic of Ireland on 7 April 2010.

Orogen Gold (Armenia) Limited is an intermediate holding company and a wholly owned subsidiary of Orogen Gold Limited. It was incorporated in the Republic of Ireland on 23 October 2013. Orogen Gold (Armenia) Limited has an 80 per cent. holding in Georaid CJSC. Orogen Gold (Armenia) Limited is currently pursuing the sale of its holding in Georaid CJSC, although it is not expected that this will complete prior to Admission.

Orogen Gold (Serbia) Limited is an intermediate holding company and wholly owned subsidiary of Orogen Gold Limited. It was incorporated in the Republic of Ireland on 26 July 2010. Orogen Gold (Serbia) Limited has a 60 per cent. beneficial holding in Reservoir Exploration (BVI) Limited which in turn has a 100 per cent. holding in Deli Jovan Exploration d.o.o., an entity that is currently in the process of being liquidated.

Emotion Fitness Limited is a wholly owned subsidiary of the Company, incorporated in England and Wales on 25 September 2009. In October 2009, Emotion Fitness Limited acquired a 47 per cent. holding in Emotion Fitness Magyarország Kft, a company that subsequently discontinued its operations in 2011.

The Company is pursuing a number of different disposal opportunities for each of these entities which are expected to complete following Admission. However, there is no guarantee these disposals will complete.

#### 4.2 SELECTED FINANCIAL INFORMATION - OROGEN PLC

The selected financial information has been extracted from the historical financial information in the Admission Document.

##### Statement of Financial Position

<i>at</i>	<i>As at</i>	<i>As at</i>	<i>As</i>	
<i>December</i>	<i>31 December</i>	<i>31 December</i>	<i>31</i>	
		<i>2016</i>	<i>2015</i>	<i>2014</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Assets</b>				
Non-current assets		-	1,579	1,814
Current assets		388	943	1,176
<b>Total assets</b>		<b>388</b>	<b>2,522</b>	<b>2,990</b>
<b>Liabilities</b>				
Non-current liabilities		-	-	-
Current liabilities		157	63	69
<b>Total liabilities</b>		<b>157</b>	<b>63</b>	<b>69</b>
<b>Net assets</b>		<b>231</b>	<b>2,459</b>	<b>2,921</b>
<b>Equity and reserves</b>		<b>231</b>	<b>2,459</b>	<b>2,921</b>

*The decrease seen in Orogen's net assets over the three periods under review is due to the impairment of the Mutsk exploration project in Armenia, and a fall in cash and cash equivalents.*

##### Statement of Comprehensive Income

	<i>31 December</i>	<i>31</i>	
<i>December</i>	<i>31 December</i>	<i>2016</i>	<i>2015</i>
		<i>£'000</i>	<i>£'000</i>
		<i>2016</i>	<i>2015</i>
		<i>£'000</i>	<i>£'000</i>
Revenue		-	-
Operational costs		-	-
General administrative expenses		(326)	(356)
Share based payments		(20)	(5)
Impairment of exploration assets		(2,691)	-
<b>Loss from operations</b>		<b>(3,037)</b>	<b>(361)</b>
			<b>(529)</b>

Finance income	3	5	7
Taxation	-	-	-
Loss from discontinued operations	(49)	(534)	(1,337)
<b>Total loss for the period</b>	<b>(3,083)</b>	<b>(890)</b>	<b>(1,859)</b>

## 5. BOARD AND MANAGEMENT ON ADMISSION

Brief biographies of the Directors, as well as certain members of senior management, are set out below.

On Admission, Julie Lavington and Ali Hall, the Founders of Thread, will join the Board as joint Chief Executives. Mark Collingbourne (Non-Executive Director of the Company) will assume the role of Finance Director and be supported in the role by James Bowling, the current Head of Finance for Thread. Bill Murray will become Non-Executive Chairman and Adam Reynolds will become a Non-Executive Director of the Company. Nick Mustoe will also join the Board as a Non-Executive Director, and Steve Metcalfe will step down from the Board.

### Proposed Directors

#### **Alison Hall**, Joint-CEO (42)

Former fashion magazine editor, Alison Hall, is co-founder and joint CEO of Sosandar.

Prior to founding Sosandar in 2015, Alison was editor of Look magazine. After its launch in 2007, Alison helped it grow to become a leading fashion magazine title. Alison has been a highly influential fashion editor, and has twice been awarded the Editor of the Year (Women's Magazines (weekly or fortnightly)) accolade by the British Society of Magazine Editors. During her tenure at Look, Alison designed successful clothing ranges for several of the UK's top retailers.

Starting out as a reporter for regional newspapers, Alison began her magazine career at EMAP's Slimming magazine. Recruited by Bliss magazine as deputy editor in 2001, Alison was promoted to acting editor, and six months later moved to More magazine as editor, where she successfully implemented a major relaunch of the title. Alison has also been a fashion contributor to both local and national radio and TV shows.

#### **Julie Lavington**, Joint-CEO (52)

Former fashion magazine publishing director, Julie Lavington, is co-founder and joint CEO of Sosandar.

In 2007, Julie launched Look magazine, a leading UK women's fashion publication. During her tenure, Julie steered Look to have a multi-platform presence with a wide social media reach. She diversified into producing successful Look branded clothing ranges with leading UK fashion retailers. Julie was awarded the prestigious Publisher of the Year Award in 2010 by the Professional Publishers Association. From August 2014, Julie was also publishing director of UK InStyle magazine a global fashion brand published in 17 countries worldwide.

Prior to her role at Look and InStyle, Julie was publishing director of the TV portfolio at H. Bauer from 2001 to 2006, where she took TV Choice from fledgling brand to market leader. She has also held publishing roles on numerous women's brands, including Marie Claire, after starting her career in advertising sales following a modern languages degree at Durham University. Julie is experienced in consumer research, sales and marketing, logistics and manufacturing, the development of customer-focused businesses, and in the recruitment and development of multi-disciplined teams.

#### **Bill Murray**, Non-Executive Chairman (53)

Bill Murray has extensive experience in the media industry, having spent 22 years until 2008 with one of the largest independent media companies, Haymarket Media Group. Since the late 1990s he has focused on the digital arena. He served as managing director of digital strategy at Haymarket where he developed online business across the Haymarket Group and led a number of successful launches and acquisitions.

Over the last 10 years, Bill has worked across a portfolio of digital, media and other commercial organisations, providing strategic and commercial direction on both a non-executive and consultancy basis.

He has been chairman of The Hollins Murray Group since 2009, a north west-based commercial property group that now has a portfolio valued at more than £100 million. He chairs the board of 10ACT Ltd, trading as Trackback, a software company that provides

lead follow-up and customer experience improvement services to the automotive industry worldwide. Bill is also a Director of Jayess Assets Limited. Bill was founding chairman of the UK Association of Online Publishers from 2002, a position he held for four years and was chairman, then President of his beloved Camberley RFC between 2006 and 2014.

Bill has worked with the founders of Sosandar since early 2014, has assisted them with fundraising and numerous aspects of bringing the business to life and has chaired the Sosandar board since its inception at the start of 2016.

**Nick Mustoe**, Non-Executive Director (56)

Nick started his career in 1981 working in London advertising agency Foote Cone and Belding followed by nine years at Lowe Howard Spink. In that time Nick worked across many clients including Tesco, Heineken, Whitbread, Vauxhall, Wicks, Weetabix, Bauer Publishing and Hanson Group Companies.

Nick started his own agency, Mustoes Merriman Levy, in 1993, which he ran as an independent agency for 15 years, with a brief period under the ownership of Japanese multi-national Hakuodo. During this time the agency managed clients including Kia Cars, Lloyds Pharmacy, Doctor Marten, Bauer Publishing, Coca Cola and Unilever.

In 2008, Mustoes Merriman Levy merged with a leading PR agency Geronimo to form Kindred, the first fully integrated PR and advertising agency. Nick subsequently led an MBO of Kindred in 2010 and continues to lead the company as the chief executive.

Nick is Chairman of Kempton Park Racecourse, Big Sofa Technologies Group plc, ABC Connection Limited and Starlight Children's Foundation and a non-executive director of Premaita Health PLC and Thread.

### **Thread Senior Management**

**James Bowling**, Head of Finance (35)

James is an ACA qualified professional with 12 years' experience. Having started his career at Deloitte he went on to work with businesses with up to £50 million in turnover, preparing business plans and forecasts to assist with fundraising for transactional events.

James has since then worked with growing SMEs including Bruntwood, a property company that had £100 million in turnover and almost £1 billion in assets under management, and then in 2013 he took a lead finance role at Tyres On The Drive Ltd, a disruptive start up business in the automotive retail space. Here he developed systems and reporting from scratch and worked closely with the marketing and operational teams to help grow the business over a four year period from a regional operator to a national business with its own logistics. He moved to Sosandar in 2017.

**Margaret Melville**, Head of Sourcing (53)

Former sourcing director at Matalan, Margaret Melville, joined Sosandar as Head of Sourcing in January 2016. An experienced sourcing professional with several years' board experience, Margaret started out as a lingerie, nightwear and swimwear buyer for Littlewoods Stores in 1986. She has since held positions at a number of big-name brands including Peacocks, Primark, The Shop Direct Group and Matalan.

### **Existing Directors**

**Adam Reynolds**, Non-Executive Chairman (55)

Adam began his career in the City in 1980 with stockbrokers Rowe Rudd. He later joined Public Relations business Basham & Coyle heading their Investor Relations Division. In 2000, he established his own PR/IR and Corporate Finance firm, which listed on AIM in November 2000 and was then sold in 2004.

Adam was approached in 2005 to become Non-Executive Chairman of International Brand Licensing Plc. In 2009, Adam brought David Evans and Julian Baines - the two leading diabetes specialists in the UK - into the company and the business changed direction. Today it is known as EKF Diagnostics Plc. Adam is a non-executive director and a shareholder.

In 2012, Adam was introduced to Autoclenz Plc through an institutional fund manager. In November 2012, Adam launched a successful agreed bid with the management for the business to be taken private. Adam is a director and shareholder of this business.

**Mark Collingbourne**, Non-Executive Director (51)

Mark is a qualified accountant with significant experience in financial management, particularly in the area of publicly quoted companies. He has dealt with all aspects of PLC

development from bringing small companies to flotation to supervising the on-going accountancy and ensuring the good governance of international businesses.

During his ten year tenure with ViaLogy plc (now Premaitha Health plc), Mark was a key member of the team that arranged its transformation from a private US organisation to an AIM company, via a merger with Original Investments PLC. He also played a major part in arranging the financial details of ViaLogy's restructuring.

Previously, after periods with ITV Network Centre and Mechanical Copyright Protection Society Limited, Mark was appointed Finance Director of Curtis Brown Group Limited, one of the UK's leading literary agencies, in 1996, where he managed the financial implications of the management buyout in 2001.

Mark is currently Chief Finance Officer of Optibiotix Health PLC.

Mark also holds board positions on a number of small private companies.

**Steven Metcalfe**, Non-Executive Director (47)

Steven is a former stockbroker with more than 28 years' experience in the financial industry. In 2005, as Head of UK Equities at Hichens Harrison, he was involved in the management buyout and then subsequent sale to Religare Capital Markets. For the last seven years, he has been involved with institutions, hedge funds and high net worth individuals within the regulated arena. Since leaving investment banking in mid-2016, he is now using his substantial background and history within the financial and corporate world and has set up a consultancy business that advises SMEs on finance, strategy and growth within their chosen area. Steven will resign from the Board on completion of the Proposals.

## **6. PRINCIPAL TERMS AND CONDITIONS OF THE ACQUISITION**

On 10 October 2017, the Company entered into the Acquisition Agreement, pursuant to which it has conditionally agreed to acquire from Alison Hall and Julie Lavington all the A Shares for an aggregate purchase price of £1,604,467, to be satisfied by the issue of the Consideration Shares at the Issue Price.

On 10 October 2017, the Company also made the recommended Offer to acquire all the B Shares for an aggregate purchase price of £4,681,247, to be satisfied in cash. The Thread B Shareholders who accept the Offer will have the right to subscribe for Ordinary Shares pursuant to the Subscription.

The Offer is conditional on valid acceptances being received by the Company by no later than 5.00 p.m. on 31 October 2017 in respect of not less than 90 per cent. in nominal value of the B Shares. If the Company receives acceptances under the Offer in respect of, and/or otherwise acquires, in aggregate 90 per cent. or more of the B Shares, the Company intends to apply the provisions of sections 974-982 (inclusive) of the Act to acquire compulsorily any remaining B Shares following the Offer becoming or being declared unconditional in all respects. Under the Subscription, each holder of B Shares may apply his or her sale proceeds in subscribing for Ordinary Shares at the Issue Price.

Therefore the total consideration for the Acquisition of the entire issued share capital of Thread is £6,285,714, to be satisfied by the issue of the Consideration Shares at the Issue Price, and as to £4,681,247 in cash.

The Acquisition Agreement and the Offer are both conditional upon, *inter alia*:

- valid acceptances in respect of the Offer being received by the Company in respect of not less than 90 per cent. in nominal value of the B Shares;
- the passing of the Resolutions at the General Meeting;
- the Placing Agreement and the Offer becoming unconditional in all respects; and
- Admission becoming effective.

## **7. CONSOLIDATION**

The Directors propose that every ten Existing Ordinary Shares in the issued share capital of the Company be consolidated into one Ordinary Share, with such Ordinary Shares having the rights and being subject to the same restrictions (save as to nominal value) as the Existing Ordinary Shares in the capital of the Company as set out in the Articles.

## **8. CHANGE OF NAME**

The Directors propose that the name of the Company be changed to Sosandar plc with effect from the conclusion of the General Meeting. Shareholder approval is needed in order to effect the Change of Name.

Resolution 8 in the Notice of General Meeting seeks such approval. Upon the Change of Name being registered at Companies House, the Company's TIDM will be changed to

SOS.

The Company's website address will also be changed to [www.sosandar.com](http://www.sosandar.com) following the passing of Resolution 8 at the General Meeting.

## **9. BUY BACK**

The Company currently has in issue 429,643,035 Deferred Shares and 7,809,638,739 B Deferred Shares. The Deferred Shares and the B Deferred Shares have no income or voting rights. The Deferred Shares and the B Deferred Shares are not admitted to trading on AIM and have only very limited rights on a return of capital. They are non-transferable and effectively valueless.

The Deferred Shares arose following a capital reorganisation of the Company, as announced on 19 December 2014.

The B Deferred Shares arose following a capital reorganisation of the Company, as announced on 21 March 2017.

The Board can see no reason for the Deferred Shares and the B Deferred Shares to remain on the balance sheet and recommends that they are purchased by the Company.

Under the provisions of the Articles, the Company has the power to buy back the Deferred Shares for £1.00 in aggregate and to buy back the B Deferred Shares for £1.00 in aggregate. In addition, the Board is authorised to agree on behalf of the holders of the Deferred Shares and the B Deferred Shares the purchase by the Company of the Deferred Shares and the B Deferred Shares and is irrevocably authorised to do all such things necessary or desirable to give effect to a purchase under the Articles. The Company would propose therefore that any one of its Directors be authorised to carry out this function.

Under the provisions of the Act, a public limited company may not fund the purchase of its shares except out of its distributable reserves or the proceeds of a fresh issue of shares made solely for the purpose of the buy back. As the Company has no distributable reserves in order to fund the Buy Back, it will issue the Registrar Shares at an issue price of 1.51 pence per share.

The Buy Back is conditional upon the approval of Shareholders by way of a special resolution. At the General Meeting, Shareholders will be asked to approve, if thought fit, the Buy Back. Upon completion of the Buy Back, the Deferred Shares and B Deferred Shares will be cancelled.

In accordance with the Act, copies of the Buy Back Agreements will be made available for inspection at the Company's registered office at least 15 days prior to the General Meeting. Copies of the Buy Back Agreements are currently available for inspection on the Company's website at [www.rogen.co.uk](http://www.rogen.co.uk) and at its registered office. Copies of the Buy Back Agreements will also be available for inspection at the General Meeting.

## **10. NEW ARTICLES**

The Board has taken the view that the Acquisition presents an opportunity to update the Articles, primarily to take account of changes in English company law brought about by the Act. It is therefore proposed that the Company adopt the New Articles, a summary of which is set out in the Admission Document.

## **11. TAKEOVER CODE & RULE 9 WAIVER**

The Takeover Code applies to the Company and governs, *inter alia*, transactions which may result in a change of control of a company to which the Takeover Code applies. At Admission, the Takeover Code will continue to apply to the Enlarged Group.

### **Rule 9 of the Takeover Code**

Under Rule 9 of the Takeover Code, any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested, or in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining Shareholders to acquire their shares.

Similarly, Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company, but does not hold shares carrying 50 per cent. or more of such voting rights, a general offer will normally be required if any further interest in shares is acquired by any such person.

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

Investors should be aware that, under the Takeover Code, if a person (or group of persons acting in concert) holds interests in shares carrying more than 50 per cent. of the company's voting rights, that person (or any person(s) acting in concert with him) will normally be entitled to increase their holding or voting rights without incurring any further obligations under Rule 9 to make a mandatory offer, although individual members of the Concert Party will not be able to increase their percentage shareholding through or between a Rule 9 threshold without Panel consent.

### Concert Party

Persons acting in concert include persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company.

Under presumption 9 of the Takeover Code's definition of acting in concert, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies are deemed to be acting in concert. Accordingly the Thread Shareholders are considered to be acting in concert.

In addition Nick Mustoe, a Proposed Director and current shareholder in Thread, is considered to be acting in concert with Adam Reynolds, Mark Collingbourne and Steven Metcalfe because of their current and previous business relationships.

Accordingly, the Concert Party is made up of the Existing Directors of the Company and the Shareholders in Thread.

The Concert Party will not be restricted from making an offer for the Company.

### Maximum Controlling Position

Immediately following Admission, the Concert Party will hold, in aggregate, up to 46,647,016 Ordinary Shares, representing 43.7 per cent. of the Enlarged Ordinary Share Capital assuming full take up of the Subscription by the Thread B Shareholders. The Concert Party's acquisition of Ordinary Shares would, without a waiver of the obligations under Rule 9 of the Takeover Code, oblige the Concert Party to make a general offer to Shareholders under Rule 9 of the Takeover Code.

If the Options held by members of the Concert Party following Admission are exercised and no other Options or Warrants are exercised, the Concert Party would hold up to 66,247,016 Ordinary Shares representing 52.3 per cent. of the so enlarged ordinary share capital, assuming full take up of the Subscription by the Thread B Shareholders. The exercise of the Options would, without a waiver of the obligations under Rule 9 of the Takeover Code, oblige the Concert Party to make a general offer to Shareholders under Rule 9 of the Takeover Code.

The following table sets out the Concert Party's shareholdings in the Enlarged Group (assuming all Thread B Shareholders take up their rights to subscribe for the Subscription Shares in full) (i) on Admission; and (ii) following Admission in the event that all the Options held by members of the Concert Party are exercised and no other Options or Warrants are exercised.

	the		% of		
	Total No of Shares in Enlarged Group on	% of Enlarged Share Capital	No of Options to subscribe for Ordinary Shares	Max No of New Shares	% of Enlarged Issued Share Capital (on a maximum fully diluted basis)*
<i>Thread Concert Party Member</i>	<i>Admission*</i>	<i>Capital</i>	<i>Shares</i>	<i>New Shares</i>	<i>basis)*</i>
Adam Reynolds	1,960,802	1.8%	800,000	2,760,802	2.2%
Mark Collingbourne	928,919	0.9%	400,000	1,328,919	1.0%
Steven Metcalfe	1,891,170	1.8%	800,000	2,691,170	2.1%
Nick Mustoe	4,872,869	4.6%	400,000	5,272,869	4.1%
Alison Hall	5,309,343	5.0%	8,400,000	13,709,343	10.8%
Julie Lavington	5,309,343	5.0%	8,400,000	13,709,343	10.8%
Bill Murray	345,107	0.3%	400,000	745,107	0.6%
Andrew Curwen	379,087	0.4%	-	379,087	0.3%
Andrew Lunn	518,192	0.5%	-	518,192	0.4%
Andrew Spriggs	391,830	0.4%	-	391,830	0.3%
Angela Tappin	195,738	0.2%	-	195,738	0.2%

Antonio Bruni	609,867	0.6%	-	609,867	0.5%
Caroline Lesley Sleight	304,756	0.3%	-	304,756	0.2%
Chantal Burns	353,956	0.3%	-	353,956	0.3%
Charlie Hetherington Martin	405,988	0.4%	-	405,988	0.3%
Dave Goodchild	784,013	0.7%	-	784,013	0.6%
David Markham	701,187	0.7%	-	701,187	0.6%
Deborah Jones	126,362	0.1%	-	126,362	0.1%
Dylan Szymanski	439,260	0.4%	-	439,260	0.3%
Dylan Thwaites	655,402	0.6%	-	655,402	0.5%
Elena Babkina	768,439	0.7%	-	768,439	0.6%
Elham Fardad	609,867	0.6%	-	609,867	0.5%
Gianluca Ricci	1,463,963	1.4%	-	1,463,963	1.2%
Giuseppe Silvestri	773,040	0.7%	-	773,040	0.6%
Helen Silverman	76,101	0.1%	-	76,101	0.1%
James Povey	391,830	0.4%	-	391,830	0.3%
Jan Janssen	2,063,211	1.9%	-	2,063,211	1.6%
Jane Drew	304,756	0.3%	-	304,756	0.2%
John Marshall	3,050,041	2.9%	-	3,050,041	2.4%
Kamal Gogna	330,949	0.3%	-	330,949	0.3%
Kar Pui Wai	152,201	0.1%	-	152,201	0.1%
Kathryn Hicks	253,433	0.2%	-	253,433	0.2%
Katharine Jackson	1,115,670	1.0%	-	1,115,670	0.9%
Ken Borton	470,408	0.4%	-	470,408	0.4%
Khal Rudin	252,725	0.2%	-	252,725	0.2%
Kirsten Bode	391,830	0.4%	-	391,830	0.3%
Maria Darby-Walker	1,218,317	1.1%	-	1,218,317	1.0%
Martin Ashworth	784,013	0.7%	-	784,013	0.6%
Martin Jones	126,362	0.1%	-	126,362	0.1%
Massimo Antonelli	470,408	0.4%	-	470,408	0.4%
Mathieu Clavel	711,098	0.7%	-	711,098	0.6%
Michael Alan Hicks	253,433	0.2%	-	253,433	0.2%
Monica Gogna	353,602	0.3%	-	353,602	0.3%
Nicola Sargent	612,344	0.6%	-	612,344	0.5%
Phil Williams	304,756	0.3%	-	304,756	0.2%
Reza Fardad	1,519,888	1.4%	-	1,519,888	1.2%
Rob Tappin	195,738	0.2%	-	195,738	0.2%
Rob Williams	152,201	0.1%	-	152,201	0.1%
Robert Silverman	76,101	0.1%	-	76,101	0.1%
Sundeep Maini	304,756	0.3%	-	304,756	0.2%
Victoria Dunn	612,344	0.6%	-	612,344	0.5%
<b>Total</b>	<b>46,647,016</b>	<b>43.7%</b>	<b>19,600,000</b>	<b>66,247,016</b>	<b>52.3%</b>

\* following the issue of the Consideration Shares, Placing Shares, Subscription Shares, Fee Shares and TP Shares.

#### **Waiver of Rule 9 of the Takeover Code**

The Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Acquisition, the Subscription and the exercise of the Options by the Concert Party without triggering an obligation on the part of the Concert Party to make a general offer to Shareholders. The Panel has agreed, subject to Independent Shareholders' approval on a poll, to waive the requirement for the Concert Party to make a general offer to all Shareholders where such an obligation would arise as a result of the Acquisition, the Subscription and the exercise of the Options by the Concert Party.

In the event that the waiver is granted by the Panel and the Concert Party exercises the Options held, the Concert Party may hold in excess of 50 per cent. of the so enlarged ordinary share capital. As such, the Concert Party would be entitled to further increase its holding or voting rights without incurring any further obligations under Rule 9 to make a mandatory offer, although individual members of the Concert Party will not be able to increase their percentage shareholding through or between a Rule 9 threshold without Panel consent.

#### **Intentions of the Concert Party**

Following completion of the Proposals, the Company intends to dispose of its remaining interests and the future business of the Company will become solely the business of Thread, which will be continued in the same manner as it is at present. With this in mind, the Concert Party has confirmed that it intends to follow the strategic plans for Thread set out in paragraph 3.5 above. The Company currently has no employees, and on completion of the Acquisition the Thread employees will become employees of the Enlarged Group. The Concert Party has confirmed that it has no plans to: (i) make any changes to the

continued employment of the employees and management of Thread, including any material change in conditions of employment; (ii) make any changes to employer contributions into any pension scheme(s), the accrual of benefits for existing members, or the admission of new members; or (iii) redeploy the fixed assets of Thread. The Concert Party intends to maintain the admission of the Company's Ordinary Shares to trading on AIM.

## 12. REASONS FOR THE PLACING AND USE OF PROCEEDS

The net proceeds of the Placing receivable by the Company are approximately £4.8 million.

The Directors believe that the Placing and Admission will assist the Company in its development and intend to use the net proceeds of the Placing to:

- provide access to working and development capital to progress the current product pipeline, raise brand awareness and to grow the Enlarged Group post-Admission; and
- ~ strengthen the Enlarged Group's balance sheet.

## 13. DETAILS OF THE PLACING AND THE SUBSCRIPTION

### *Placing*

The Placing will raise approximately £5.3 million before expenses through the issue of 35,099,338 Placing Shares at the Issue Price. Assuming full take up of the Subscription by the Thread B Shareholders:

- following the issue of the Placing Shares, the Placing Shares will represent approximately 32.8 per cent. of the Enlarged Ordinary Share Capital and the Existing Ordinary Shares in the Company (as consolidated pursuant to the Consolidation) will represent approximately 24.8 per cent. of the Enlarged Ordinary Share Capital; and
- following the issue of the New Shares, the New Shares will represent approximately 75.2 per cent. of the Enlarged Ordinary Share Capital.

The Placing Shares will be issued credited as fully paid and will, when issued, rank *pari passu* in all respects with the Ordinary Shares in issue following the Consolidation, including the right to receive all dividends and other distributions declared paid or made after Admission.

The Placing is conditional, *inter alia*, upon:

- the Acquisition Agreement becoming unconditional in all respects;
- the Thread B Shareholders agreeing to subscribe for not less than 90 per cent. of the Subscription Shares;
- the passing (without amendment) of the Resolutions at the General Meeting; and
- admission of the Placing Shares to trading on AIM becoming effective on or before 8.00 a.m. on 2 November 2017 (or such later date and/or time as the Company, Cairn and Turner Pope may agree, being no later than 8.00 a.m. on 30 November 2017).

### *Subscription*

The Company has invited the Thread B Shareholders to reinvest the cash proceeds of the sale of the B Shares by subscribing for the Subscription Shares at the Issue Price.

If all of the B Shareholders reinvest the cash consideration they receive under the Offer to subscribe for the Subscription Shares, this would result in the issue of 30,981,434 Ordinary Shares, raising a further £4,681,247 for the Company. The Subscription Shares will, having been issued, represent approximately 29.0 per cent. of the Enlarged Ordinary Share Capital, assuming the Subscription is taken up in full. The Placing Agreement is conditional on valid applications being received by the Company no later than 5.00 p.m. on 31 October 2017 in respect of not less than 90 per cent. of the Subscription Shares.

The Subscription Shares will be issued credited as fully paid and will, when issued, rank *pari passu* in all respects with the Ordinary Shares in issue following the Consolidation, including the right to receive all dividends and other distributions declared paid or made after Admission.

### *Placing Agreement*

Pursuant to the terms of the Placing Agreement, Turner Pope has conditionally agreed to use its reasonable endeavours, as agent for the Company, to procure subscribers for the Placing Shares. The Placing Agreement is conditional upon, *inter alia*, the Resolutions

being duly passed without amendment at the General Meeting, valid applications being received for not less than 90 per cent. of the Subscription Shares and Admission becoming effective by no later than 8.00 a.m. on 2 November 2017 (or such later date as the Company, Cairn and Turner Pope may agree, being in any event not later than 8.00 a.m. on 30 November 2017).

The Placing Agreement contains warranties from the Company and the Directors in favour of Cairn and Turner Pope in relation to, *inter alia*, the accuracy of the information in the Admission Document and other matters relating to the Company, Thread and its business. In addition, the Company has agreed to indemnify Cairn and Turner Pope in relation to certain liabilities it may incur in respect of the Placing.

Cairn and Turner Pope each has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of the warranties given to them in the Placing Agreement, the failure of the Company to comply with its obligations under the Placing Agreement or an adverse change affecting, *inter alia*, the condition, earnings, business or prospects of the Company, whether or not foreseeable at the date of the Placing Agreement.

#### **14. ADMISSION, SETTLEMENT, TRADING AND CREST**

##### **General**

Subject to the result of the General Meeting, application will be made to the London Stock Exchange for the Enlarged Ordinary Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Ordinary Share Capital will commence at 8.00 a.m. on 2 November 2017. No application has been or will be made for any warrants or options to be admitted to trading on AIM.

##### **CREST**

CREST is a computerised share transfer and settlement system. The CREST system allows shares and other securities to be held in electronic form rather than paper form. The Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary system and Shareholders who wish to do so can continue dealing based on share certificates.

The Ordinary Shares will be admitted to CREST and enabled for settlement in CREST. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any individual Shareholder so wishes provided such person is a "system member" (as defined in the CREST Regulations) in relation to CREST.

For more information concerning CREST, Shareholders should contact their independent financial adviser.

#### **15. LOCK-INS AND ORDERLY MARKET ARRANGEMENTS**

The Locked-in Persons have undertaken to the Company, Turner Pope and Cairn that they will not dispose of any interest they hold in Ordinary Shares for a period of 12 months following Admission.

The Locked-in Persons have further undertaken that, for a further period of 12 months thereafter, they will not make any disposal:

- (i) without giving five Business Day's prior written notice to Cairn and the Company's Broker; and
- (ii) if so requested by Company's Broker and/or Cairn, the disposal must be effected through the Company's Broker and in such manner as the Company's Broker may reasonably require with a view to the maintenance of an orderly market in the Ordinary Shares.

#### **16. DIVIDEND POLICY**

Following Admission, when it is commercially prudent to do so and subject to the availability of distributable reserves, the Directors may approve the payment of dividends. However, at present, the Directors consider that it is more prudent to retain cash to fund the growth strategy of the Company and, as a result, feel it is inappropriate to give an indication of the likely level or timing of any future dividend payments.

#### **17. DIRECTOR AND ADVISER SHARES, OPTIONS AND WARRANTS**

##### **Ordinary Shares in lieu of fees**

The Company has, subject to Admission, agreed to pay the Existing Directors fees in respect of the successful delivery of the Acquisition and the Placing in the amounts set out below. These fees will be paid to Reyes Limited (in respect of Adam Reynolds), Morrison Kingsley Consultants Limited (in respect of Mark Collingbourne) and Metcalfe Consultancy Limited (in respect of Steven Metcalfe). In addition, the Existing Directors have agreed

that the Company can settle such fees, other than any amount of VAT which will be settled in cash by the Company, through the allotment of the numbers of Ordinary Shares at the Issue Price set out below:

<i>Name</i>	<i>Fees due (£)</i>	<i>Ordinary Shares in lieu</i>
Adam Reynolds	200,000	1,324,503
Mark Collingbourne	100,000	662,252
Steven Metcalfe	200,000	1,324,503
<b>Total</b>	<b>500,000</b>	<b>3,311,258</b>

In addition, subject to Admission the Company has agreed to issue 331,126 Ordinary Shares to Turner Pope in settlement of 50 per cent. of its fees under the Placing Agreement.

### **Options**

Subject to Admission, the Company has agreed to grant options over a total of 2,000,000 Ordinary Shares to the Existing Directors:

<i>Director</i>	<i>Number of Options</i>
Adam Reynolds	800,000
Mark Collingbourne	400,000
Steven Metcalfe	800,000

Rule 16.2 of the Takeover Code applies whenever any form of incentivisation arrangements are made with members of the offeree company's management who are interested shares in the offeree company.

Under Rule 16.2 of the Takeover Code, the issue of the Fee Shares and the Options to the Existing Directors will be subject to a separate vote of Shareholders. Accordingly Resolution 10 at the General Meeting will seek Shareholders' approval of the issue of the Fee Shares and the Options to the Existing Directors. The Existing Directors and members of the Concert Party will be precluded from voting their Existing Ordinary Shares on this Resolution.

For the purposes of Rule 16.2 of the Takeover Code, Cairn, as Rule 3 adviser to the Company under the Takeover Code, confirms that, in its opinion, the terms of the issue of the Bonus Share and the Options to the Existing Directors are fair and reasonable as far as the Company's Shareholders (excluding its Existing Directors and the members of the Concert Party) are concerned.

The issue of the Fee Shares and the Options to the Existing Directors is also considered to be a related party transaction under the AIM Rules for Companies. In the absence of any independent Directors, Cairn, the Company's nominated adviser, considers that the terms of the issue of the Fee Shares and the Options to the Existing Directors are fair and reasonable as far as the Company's Shareholders are concerned.

### **Warrants**

In addition, the Company has agreed to issue warrants to subscribe for 300,000 new Ordinary Shares at the Issue Price to Cairn on Admission. These warrants are exercisable at any time up to the five year anniversary of Admission, at which time they will lapse.

### **Option Scheme**

The Company has established the Option Scheme with effect from Admission to incentivise the Directors, senior management and employees and to align their interests with the interests of Shareholders. The total number of options which may be granted under the scheme is capped at 20 per cent. of the Company's issued share capital from time to time.

## **18. CORPORATE GOVERNANCE AND INTERNAL CONTROLS**

The Directors recognise the importance of sound corporate governance and, following Admission, have undertaken to take account of the requirements of the QCA Guidelines to the extent that they consider it appropriate having regard to the Company's size, board structure, stage of development and resources.

The QCA Guidelines recommend that the board of directors should include a balance of executive and nonexecutive directors, such that no individual or small company of individuals can dominate the board's decision taking.

The Company will hold regular board meetings and the Directors will be responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The Directors have, conditional on Admission, established an Audit Committee, a Nomination Committee, a Disclosure Committee and a Remuneration Committee with formally delegated rules and responsibilities.

#### **Remuneration Committee**

The Remuneration Committee, which will comprise Nick Mustoe (chairman), Adam Reynolds and Bill Murray, will meet twice each year. The committee will be responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

#### **Audit Committee**

The Audit Committee, which will comprise Bill Murray (chairman), Adam Reynolds and Nick Mustoe, will meet not less than twice a year. The committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company.

#### **Nomination Committee**

The Nomination Committee, which will comprise Adam Reynolds (chairman), Bill Murray and Nick Mustoe, will meet at such times and frequency as necessary. The Nomination Committee will monitor the size and composition of the Board and the other Board committees and be responsible for identifying suitable candidates for Board membership.

#### **Disclosure Committee**

The Disclosure Committee, which will comprise Nick Mustoe (chairman), Bill Murray and Adam Reynolds, will meet at such times as shall be necessary or appropriate to discharge its obligations and comply with applicable law and regulation. The committee will be responsible for overseeing the Company's compliance with its obligations under the Market Abuse Regulation and the AIM Rules for Companies in relation to the disclosure of inside information and price sensitive information.

### **19. SHARE DEALING CODE**

The Company has in place a share dealing code for the Existing Directors which is appropriate for a company whose shares are admitted to trading on AIM and subject to the Market Abuse Regulation. Following Admission of the Enlarged Ordinary Share Capital, the Company will continue to implement its share dealing code and take all reasonable steps to ensure compliance by the Directors, related parties and any relevant employees.

### **20. GENERAL MEETING AND PROPOSALS**

The General Meeting is to be held at the offices of Jeffreys Henry LLP at Finsgate, 5-7 Cranwood Street, London EC1V 9EE on 1 November 2017 at 11.00 a.m., at which resolutions will be sought to approve the following Proposals:

Resolution 1 - the Whitewash Resolution;

Resolution 2 - the Acquisition;

Resolution 3 - the Consolidation;

Resolution 4 - the authorisation of the Existing Directors to allot the Consideration Shares, the Placing Shares, the Fee Shares, the Subscription Shares, the TP Shares and up to a further 20,324,748 Ordinary Shares and to grant the Warrants and the Options;

Resolutions 5 and 6 - the Buy Back;

Resolution 7 - the disapplication of the statutory pre-emption provisions to enable the Directors in certain circumstances to allot Ordinary Shares for cash other than on a pre-emptive basis;

Resolution 8 - the Change of Name;

Resolution 9 - the adoption of the New Articles; and

Resolution 10 - the allotment of the Fee Shares and the grant of the Options.

**The Resolutions will all be interconditional, other than Resolution 10. If any of the Resolutions 1 to 9 are not passed at the General Meeting, the Acquisition will not proceed and the Directors will consider alternative options for the Company.**

In accordance with the Takeover Code, the Whitewash Resolution will be the subject of a poll of Independent Shareholders. To be passed, the Whitewash Resolution will require a

simple majority of votes entitled to be cast to vote in favour. None of the members of the Concert Party (nor any adviser connected with them) nor any subscriber in the Placing (if they are an existing Shareholder) are permitted to exercise their voting rights in respect of the Whitewash Resolution. In view of their interest in the Fee Shares and the Options, neither the Existing Directors nor any of the members of the Concert Party are permitted to exercise their voting rights in respect of Resolution 10.

Resolutions 2 to 4 and 10 will also be proposed as ordinary resolutions and will require a simple majority voting in person or by proxy in order to be passed. Resolutions 5 to 9 will be proposed as special resolutions and will require a three-quarters majority voting in person or by proxy in order to be passed.

Resolution 7 authorises the disapplication of statutory pre-emption rights in respect of the Consideration Shares, the Placing Shares, the Subscription Shares, the Fee Shares, the TP Shares and the grant of the Warrants and the Options and increases the authority to allot Ordinary Shares other than on a pre-emptive basis over an additional 5,340,733 Ordinary Shares. The purpose of this is to give the Directors the wherewithal to raise funds up to this limit without pre-emption, if required, and without the requirement to convene a further general meeting.

As required by the Act when proposing a special resolution to disapply pre-emption rights, the Directors hereby confirm that:

- the amount to be paid to the Company in respect of each Consideration Share, Placing Share, Subscription Share, Fee Share and TP Share is 15.1 pence and the proceeds of the Placing (at the Issue Price) are expected to be £5.3 million (before expenses);
- the number of Ordinary Shares to be issued pursuant to the Placing is 35,099,338, the number of Ordinary Shares to be issued pursuant to the Acquisition is 10,618,686, the number of Ordinary Shares to be issued pursuant to the Subscription is up to 30,981,434, the number of Fee Shares to be issued is 3,311,258, the number of TP Shares to be issued is 331,126 and the number of Ordinary Shares to be issued pursuant to the Warrants and the Options is 20,324,748;
- the Issue Price represents, in the Board's view, the best price achievable by the Company given its funding requirements and the current overall market conditions for fundraisings; and
- the Directors recommend that Shareholders dis-apply pre-emption rights (in the terms set out in Resolution 7) in order to permit the Placing to be effected on a timely basis and to avoid the timetabling, and uncertainty of funding issues associated with, effecting future pre-emptive offers.

## **21. RECOMMENDATION**

The Existing Directors are of the opinion that the resolutions numbered 2 to 9 (inclusive) are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Existing Directors unanimously recommend that Shareholders vote in favour of each of these resolutions, as the Existing Directors intend to do in respect of their own beneficial shareholdings, which amount in aggregate to 14,696,325 Existing Ordinary Shares, representing approximately 5.6 per cent. of the Existing Ordinary Share Capital.

None of the Existing Directors are able to give any recommendation in respect of the Whitewash Resolution (Resolution 1), given that they are members of the Concert Party and will receive Fee Shares and Options as set out in paragraph 17 above on Admission. Cairn, as Rule 3 Adviser under the Takeover Code, considers that the Proposals, including the Whitewash Resolution, are fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole.

Accordingly, Cairn recommends that Independent Shareholders vote in favour of Resolution 1. The Existing Directors are unable to vote their Existing Ordinary Shares on Resolution 1, nor are any other members of the Concert Party or any Shareholder participating in the Placing.

In respect of Resolution 10, which proposes the issue of the Fee Shares and the Options to, *inter alia*, the Existing Directors, the Existing Directors (and the members of the Concert Party) will not vote their shares on this Resolution, and do not make any recommendations on this resolution to Shareholders.

## **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

	2017
Publication and despatch of the Admission Document	10 October
Latest time and date for receipt of Forms of Proxy and electronic proxy instructions via the CREST system	11.00 a.m. on 30 October
General Meeting	11.00 a.m. on 1 November
Record date for the Consolidation	1 November
Existing Ordinary Shares disabled in CREST and share register closed	1 November
Completion of the Proposals	2 November
Issue of New Shares	2 November
Admission effective and dealings in the Ordinary Shares commence	8.00 a.m. on 2 November
CREST accounts credited	2 November
Despatch of definitive share certificates, where applicable, by	10 November

*The above dates are indicative only and are subject to change at the absolute discretion of the Company and Cairn.*

*All references to time in this announcement are to London time unless otherwise stated.*

## DEFINITIONS

The following words and expressions shall have the following meanings in this announcement, unless the context otherwise requires:

<b>“A Shares”</b>	the A ordinary shares of £0.01 each in the capital of Thread;
<b>“Act”</b>	the UK Companies Act 2006, as amended;
<b>“Acquisition”</b>	the proposed acquisition by the Company of the entire issued share capital of Thread pursuant to the terms of the Acquisition Agreement and the Offer Document;
<b>“Acquisition Agreement”</b>	the conditional acquisition agreement dated 10 October 2017 between (1) the Company, (2) Alison Hall and (3) Julie Lavington in relation to the sale and purchase of the entire issued A ordinary share capital of Thread;
<b>“Admission”</b>	the admission of the Enlarged Ordinary Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
<b>“Admission Document”</b>	the admission document dated 10 October 2017;
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
<b>“AIM Rules for Companies”</b>	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published by the London Stock Exchange from time to time;
<b>“AIM Rules for Nominated Advisers”</b>	the rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time;
<b>“Articles”</b>	the existing articles of association of the Company for the time being;
<b>“Audit Committee”</b>	the audit committee of the Board;
<b>“B Deferred Shares”</b>	B deferred shares of 0.01 pence each in the capital of the Company;

<b>“B Deferred Share Buy Back Agreement”</b>	the proposed agreement between (1) the Company and (2) the holders of the B Deferred Shares to buy back all of the B Deferred Shares for an aggregate price of £1.00;
<b>“B Shares”</b>	the B ordinary shares of £0.01 each in the capital of Thread;
<b>“Board”</b>	the Existing Directors and Proposed Directors of the Company;
<b>“Business Day”</b>	any day which is not a Saturday, Sunday or a public holiday in the UK;
<b>“Buy Back”</b>	the buy back by the Company of the Deferred Shares and the B Deferred Shares pursuant to the Buy Back Agreements;
<b>“Buy Back Agreements”</b>	the Deferred Share Buy Back Agreement and the B Deferred Share Buy Back Agreement;
<b>“Cairn”</b>	Cairn Financial Advisers LLP, the Company’s nominated adviser;
<b>“Change of Name”</b>	the change of name of the Company proposed in Resolution 8 of the Notice of General Meeting;
<b>“Company” or “Orogen”</b>	Orogen plc, a company incorporated and registered in England and Wales with registered number 05379931;
<b>“Concert Party”</b>	the parties who are deemed to be acting in concert under the Takeover Code;
<b>“Consideration Shares”</b>	10,618,686 Ordinary Shares to be issued to Alison Hall and Julie Lavington, the founders of Thread, pursuant to the terms of the Acquisition Agreement;
<b>“Consolidation”</b>	the proposed consolidation of every 10 Existing Ordinary Shares into 1 Ordinary Share;
<b>“CREST”</b>	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by Euroclear;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
<b>“Deferred Shares”</b>	deferred shares of 0.9 pence each in the capital of the Company;
<b>“Deferred Share Buy Back Agreement”</b>	the proposed agreement between (1) the Company and (2) the holders of the Deferred Shares to buy back all of the Deferred Shares for an aggregate price of £1.00;
<b>“Directors”</b>	the directors of the Company from time to time;
<b>“Disclosure Committee”</b>	the disclosure committee of the Board;
<b>“Disclosure Guidance and Transparency Rules”</b>	the rules and regulations made by the FCA in its capacity as the UKLA under Part VI of FSMA, as amended, and contained in the UKLA publication of the same name;
<b>“EEA”</b>	the European Economic Area;
<b>“Enlarged Group”</b>	the Company and its subsidiaries following completion of the Acquisition;
<b>“Enlarged Ordinary Share Capital”</b>	the number of Ordinary Shares of the Company upon Admission, comprising the Existing Ordinary Share Capital (as consolidated pursuant to Consolidation) and the New Shares;
<b>“EU”</b>	the European Union;
<b>“EUR”</b>	Euro, the lawful currency of 19 member states of the EU;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Existing Directors”</b>	Mark Collingbourne, Steven Metcalfe and Adam Reynolds;
<b>“Existing Ordinary Shares”</b>	ordinary shares of 0.01 pence each in the capital of the Company in issue immediately prior to the Consolidation;
<b>“Existing Ordinary Share Capital”</b>	the aggregate number of Existing Ordinary Shares in issue at the date of this announcement, together with the Registrar Shares, comprising 264,728,160 Existing

<b>"FCA"</b>	Ordinary Shares; the United Kingdom Financial Conduct Authority;
<b>"Fee Shares"</b>	3,311,258 Ordinary Shares to be issued to the Existing Directors following Admission;
<b>"Form of Acceptance"</b>	the form of acceptance relating to the Offer;
<b>"Form of Proxy"</b>	the form of proxy which is enclosed with the Admission Document for use by holders of Existing Ordinary Shares in connection with the General Meeting;
<b>"Founders"</b>	Alison Hall and Julie Lavington, the founders of Thread;
<b>"FSMA"</b>	the Financial Services and Markets Act 2000 of the United Kingdom, as amended;
<b>"GBP", "£" and "pence"</b>	pounds sterling, the lawful currency of the United Kingdom;
<b>"General Meeting"</b>	the general meeting of the Company called in accordance with the Articles and convened for 11.00 a.m. on 1 November 2017 or any adjournment thereof;
<b>"Group"</b>	the Company and its subsidiaries from time to time;
<b>"Historical Financial Information on the Company"</b>	the Company's historical financial information as set out in the Admission Document;
<b>"HMRC"</b>	Her Majesty's Revenue & Customs;
<b>"IFRS"</b>	International Financial Reporting Standards as adopted by the European Union;
<b>"Independent Shareholders"</b>	the holders of Existing Ordinary Shares other than any person who is a member of the Concert Party or any existing Shareholder that participates in the Placing;
<b>"ISIN"</b>	international security identification number;
<b>"Issue Price"</b>	15.1 pence, being the price at which the Placing Shares, the Subscription Shares, the Consideration Shares, the Fee Shares and the TP Shares are to be issued;
<b>"Jeffreys Henry"</b>	Jeffreys Henry LLP;
<b>"Loan"</b>	the secured loan of £750,000 granted by the Company to Thread;
<b>"Locked-in Persons"</b>	the Directors;
<b>"London Stock Exchange"</b>	London Stock Exchange plc;
<b>"New Articles"</b>	the new articles of association to be adopted by the Company;
<b>"New Shares"</b>	the Consideration Shares, the Fee Shares, the Subscription Shares, the Placing Shares and the TP Shares;
<b>"Nomination Committee"</b>	the nomination committee of the Board;
<b>"Notice of General Meeting"</b>	the notice of the General Meeting set out in the Admission Document;
<b>"Offer"</b>	the recommended offer made by the Company, on the terms and subject to the conditions set out in the Offer Document and the Form of Acceptance, to acquire all of the issued B Shares (including, where the context requires, any subsequent revision, variation, extension or renewal of such offer);
<b>"Offer Document"</b>	the document sent to all of the Thread B Shareholders containing, <i>inter alia</i> , the details of the Offer;
<b>"Options"</b>	options to subscribe for Ordinary Shares under the terms of the Option Scheme;
<b>"Option Scheme"</b>	the EMI option scheme established by the Company on 10 October 2017;
<b>"Ordinary Shares"</b>	ordinary shares of 0.1 pence each in the capital of the Company following the Consolidation;
<b>"Panel"</b>	the UK Panel on Takeovers and Mergers;

<b>“Placees”</b>	investors to whom Placing Shares are issued pursuant to the Placing;
<b>“Placing”</b>	the conditional placing by the Broker on behalf of the Company of the Placing Shares at the Issue Price pursuant to the Placing Agreement;
<b>“Placing Agreement”</b>	the conditional agreement dated 10 October 2017 between the Company, the Broker, Cairn and the Directors relating to the Placing;
<b>“Placing Shares”</b>	35,099,338 new Ordinary Shares to be issued to the Placees pursuant to the Placing;
<b>“Proposals”</b>	together the Acquisition, the Offer, the Placing, the Subscription, the Consolidation, the Buy Back, the Change of Name, the Whitewash Resolution, the adoption of the New Articles, the allotment of the Fee Shares and TP Shares and Admission;
<b>“Proposed Directors”</b>	Alison Hall, Julie Lavington, Bill Murray and Nick Mustoe;
<b>“Proposed Executive Directors”</b>	the proposed executive directors of the Enlarged Group, being Julie Lavington, Alison Hall and Mark Collingbourne;
<b>“QCA Guidelines”</b>	the corporate governance code for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance from time to time;
<b>“Registrar Shares”</b>	the 138 ordinary shares of 0.01 pence each in the capital of the Company to be issued (i) to provide sufficient funds to finance the Buy Back and (ii) for the purposes of the Consolidation;
<b>“Remuneration Committee”</b>	the remuneration committee of the Board;
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting;
<b>“Securities Act”</b>	the United States Securities Act of 1993, as amended;
<b>“Shareholders”</b>	the persons who are registered as holders of Ordinary Shares;
<b>“SKU”</b>	stock keeping unit;
<b>“Sosandar”</b>	the trading name of Thread;
<b>“Sterling” or “£”</b>	the legal currency of the UK;
<b>“Subscription”</b>	the proposed subscription for the Subscription Shares by the Thread B Shareholders;
<b>“Subscription Shares”</b>	up to 30,981,434 Ordinary Shares to be issued to the Thread B Shareholders pursuant to the Subscription;
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers;
<b>“Thread”</b>	Thread 35 Ltd, a company incorporated and registered in England and Wales with registered number 09491272;
<b>“Thread Shareholders”</b>	holders of the A Shares and the Thread B Shareholders;
<b>“Thread B Shareholders”</b>	holders of the B Shares;
<b>“TIDM”</b>	tradable instrument display mnemonic;
<b>“Turner Pope” or “Broker”</b>	Turner Pope Investments (TPI) Ltd, the Company’s broker;
<b>“TP Shares”</b>	331,126 Ordinary Shares to be issued in lieu of fees to Turner Pope;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UKLA”</b>	the United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;

“ <b>uncertificated</b> ” or “ <b>in uncertificated form</b> ”	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“ <b>USD</b> ”	US dollars, the lawful currency of the United States;
“ <b>USP</b> ”	unique selling point;
“ <b>VAT</b> ”	Value Added Tax;
“ <b>Waiver</b> ”	the waiver which has been granted by the Panel, conditional upon the approval by Independent Shareholders of the Whitewash Resolution on a poll, of the obligations to make a mandatory offer for the entire issued share capital of the Company not already held by the Concert Party which might otherwise be imposed on the Concert Party under Rule 9 of the Takeover Code, as a result of, <i>inter alia</i> , the issue of the New Shares to members of the Concert Party pursuant to the Proposals;
“ <b>Warrants</b> ”	warrants to subscribe for Ordinary Shares; and
“ <b>Whitewash Resolution</b> ”	the ordinary resolution of Independent Shareholders to approve the Waiver to be taken on a poll as set out in the Notice of General Meeting.

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