

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Circular and/or any action you should take, you are recommended to immediately seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if you are taking advice in a territory outside the United Kingdom, from an appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all your Taptica Shares, please send this Circular (but not the personalised Form of Proxy or Form of Direction), at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Taptica Shares, please retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

**The distribution of this Circular and the accompanying documents in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this Circular and the accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.**

Application will be made for the New Taptica Shares to be admitted to trading on AIM. It is expected that admission to trading on AIM of the New Taptica Shares will become effective, and that dealings in the New Taptica Shares will commence, on the Business Day following the Effective Date which, subject to the satisfaction of certain conditions, including the sanction of the Scheme by the Court, is currently expected to occur on or around 1 April 2019.

Shareholders should read the whole of this Circular. In addition, this Circular should be read in conjunction with the relevant sections of the documents listed as incorporated by reference, and the accompanying Form of Proxy or Form of Direction.

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# **TAPTICA INTERNATIONAL LTD.**

*(Incorporated under the Companies Law in the State of Israel with registered number 513956060)*

## **RECOMMENDED ALL SHARE OFFER FOR RHYTHMONE PLC AND NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Taptica, on behalf of the Taptica Board, in Part 3 of this Circular, which contains the unanimous recommendation of the Taptica Board that you vote in favour of the Resolutions at the Extraordinary General Meeting.

**Notice of an Extraordinary General Meeting of Taptica, to be held at 12.30 p.m. on 21 March 2019 at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD, is set out at the end of this Circular.** A Form of Proxy or Form of Direction for use in connection with the Extraordinary General Meeting accompanies this Circular. If you hold your Taptica Shares in certificated form, whether or not you plan to attend the Extraordinary General Meeting, you are encouraged to complete the accompanying Form of Proxy and return it to Taptica's registrars, Link Market Services Limited, Proxies, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive by no later than 12.30 p.m. on 19 March 2019. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting, should they wish to do so.

If you hold your Taptica Shares as Depository Interests, whether or not you plan to attend the Extraordinary General Meeting, you are encouraged to complete the accompanying Form of Direction and return it to the Depository, Link Market Services Trustees Limited, The Registry, 34 Beckenham Road, Beckenham,

Kent BR3 4TU, as soon as possible and, in any event, by no later than 12.30 p.m. on 18 March 2019. A Letter of Representation can be requested from the Depository, should a DI holder wish to elect a representative to attend, speak or vote at the meeting.

Capitalised words and phrases used in this Circular have the meanings given to them in Part 5 of this Circular.

### **Important Notices**

The distribution of this Circular and/or the accompanying documents in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this Circular and the accompanying documents come should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither this Circular, nor the accompanying documents, constitute an offer or an invitation to purchase any securities or a solicitation of an offer to sell any securities in any jurisdiction in which such offer or solicitation is unlawful. The statements contained herein are made as at the date of this Circular, unless some other time is specified in relation to them, and service of this Circular will not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained herein will be deemed to be a forecast, projection or estimate of the future financial performance of Taptica, RhythmOne or the Enlarged Group.

No person has been authorised to make representations on behalf of Taptica or RhythmOne concerning the Offer, the Scheme or the Resolutions which are inconsistent with the statements contained herein and any such representations, if made, may not be relied upon as having been so authorised.

No person should construe the contents of this Circular as legal, financial or tax advice but should consult his or her own advisers in connection with the matters contained herein.

finnCap Ltd, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser, nominated adviser and broker to Taptica and no one else in connection with the matters referred to in this Circular. In connection with these matters, finnCap, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to anyone other than Taptica for providing the protections afforded to the clients of finnCap nor for providing advice in relation to the matters referred to in this Circular.

### **Notice to Overseas Shareholders**

The release, publication or distribution of this Circular in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to other jurisdictions should inform themselves of, and observe, any applicable requirements.

This document has been prepared for the purposes of complying with Israeli law and the information disclosed may be different from that which would have been disclosed if this Circular had been prepared in accordance with the laws of jurisdictions outside Israel. Overseas shareholders should consult their own legal and tax advisers with regard to the legal and tax consequences on their particular circumstances.

### **Cautionary Note Regarding Forward Looking Statements**

This document contains statements that are or may be deemed to be forward looking with respect to the financial condition, results of operations and business of Taptica and RhythmOne or the Enlarged Group, and certain plans and objectives of the Taptica Board and Taptica. These forward looking statements can be identified by the fact that they are prospective in nature and do not relate to historical or current facts. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “should”, “could”, “would”, “may”, “anticipates”, “estimates”, “synergy”, “cost-saving”, “projects”, “goal” or “strategy” or, words or terms of similar substance or the negative thereof, are forward looking statements. These statements are based on assumptions and assessments made by the Taptica Board or RhythmOne Board in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate.

These forward looking statements are made as at the date of this Circular and are not guarantees of future financial performance. Except as expressly provided in this Circular, they have not been reviewed by the respective auditors of Taptica or RhythmOne. By their nature, forward looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. All subsequent oral or written forward looking statements attributable to Taptica or RhythmOne or any of their respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Each of Taptica and RhythmOne disclaims any obligation to update any forward looking or other statements contained herein, except as required by applicable law.

### **No Profit Forecasts or Estimates**

No statement in this Circular is intended as a profit forecast or estimate for any period and no statement in this Circular should be interpreted to mean that earnings or earnings per ordinary share for Taptica or RhythmOne or the Enlarged Group for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per ordinary share for Taptica or RhythmOne, as appropriate.

### **Rounding**

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

### **Publication on Website**

In accordance with Rule 30.4 of the Takeover Code, a copy of this Circular together with all information incorporated into this Circular by reference to another source will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions on Taptica's or RhythmOne's websites ([www.tapticainternational.com](http://www.tapticainternational.com) and [www.rhythmone.com](http://www.rhythmone.com), respectively) by no later than 12.00 noon (London time) on the Business Day following the publication of this Circular. For the avoidance of doubt, the contents of those websites are not incorporated by reference and do not form part of the Scheme Document or this Circular.

### **Status of Document**

This document does not constitute a prospectus or prospectus equivalent document.

### **Incorporation of Information Reference**

The following information in the following documents, all of which has been announced through a Regulatory Information Service and which documents are available free of charge in a read-only format on Taptica's website at [www.tapticainternational.com](http://www.tapticainternational.com) and RhythmOne's website at [www.rhythmone.com](http://www.rhythmone.com), are incorporated into this Circular by reference:

- the Annual Report and Accounts of Taptica for the years ended 31 December 2017 and 2016;
- the Unaudited Interim Results of Taptica for the six months ended 30 June 2018, as issued on 4 September 2018;
- trading updates issued by Taptica on 3 December 2018 and 13 January 2019;
- statements relating to the share buy back programme issued by Taptica on 12 December 2018, 13 December 2018 and 3 January 2019;
- results of AGM of Taptica issued on 31 July 2018;
- the Annual Report and Accounts of RhythmOne the years ended 31 March 2018 and 2017;
- the Unaudited Interim Results of RhythmOne for the six months ended 30 September 2018, as issued on 13 December 2018;

- results of AGM of RhythmOne issued on 19 June 2018; and
- joint announcement of recommended offer of Taptica to acquire RhythmOne issued on 4 February 2019.

You may request a hard copy of any documents incorporated by reference in this Circular by phoning tel: +44 (0)20 7390 0230 during business hours or by submitting a request in writing to Vigo Communications Ltd at 40 Piccadilly, London, W1J 0DR or [taptica@vigocomms.com](mailto:taptica@vigocomms.com). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice. It is important that you note that unless you make a request, a hard copy of any documents incorporated by reference in this Circular will not be sent to you. You may also request that all future documents, announcements and information to be sent to you in relation to the Offer should be in hard copy form.

## **ACTION TO BE TAKEN**

### **VOTING AT THE EXTRAORDINARY GENERAL MEETING**

#### **Time and Place of the Extraordinary General Meeting**

This document is being furnished to holders of Taptica Shares in connection with the solicitation of proxies by and on behalf of the Taptica Board for use at the Extraordinary General Meeting to be held at 12.30 p.m. on 21 March 2019 at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD, and at any adjournment or postponement thereof.

Taptica is mailing this Circular (which includes the Notice of Extraordinary General Meeting), Form of Proxy and Form of Direction on or about 14 February 2019 to all holders of Taptica Shares entitled to notice of, and to vote at, the Extraordinary General Meeting.

#### **Purposes of the Extraordinary General Meeting**

At the Extraordinary General Meeting, the Shareholders will consider and vote on each of the following eight Resolutions:

##### ***Resolution 1:***

- To authorise the Taptica Directors pursuant to Article 10(c) of Taptica's Articles of Association to allot and issue, and to grant rights to subscribe for or convert any security into, Taptica Shares as if Article 10(b) of Taptica's Articles of Association did not apply to such allotment, issue and grant, provided that this authority shall be limited to the allotment of up to 68,343,888 New Taptica Shares with an aggregate nominal value of NIS 683,438.88 pursuant to the terms of the Offer to purchase the entire issued and to be issued share capital of RhythmOne, whether by way of a scheme of arrangement pursuant to Part 26 of the Companies Act or by way of contractual takeover offer, on the terms and subject to the conditions to be set out in the Scheme Document to be sent to the RhythmOne Shareholders and other securities holders, and, unless previously renewed, revoked, varied or extended, this authority will expire on the date on which all consideration due pursuant to the terms of the Offer shall have been satisfied and any potential or actual outstanding entitlements to such consideration due pursuant to the terms of any securities (including options and RSUs) outstanding over the share capital of RhythmOne at the date of the Offer shall have been satisfied or expired, lapsed or waived.

##### ***Resolution 2:***

- To adopt the New Taptica Management Incentive Scheme, including an increase of the available pool of Taptica's 2017 Equity Incentive Plan by 11,772,932 Taptica Shares as part of the New Taptica Management Incentive Scheme.

##### ***Resolution 3:***

- To approve (i) the grant of the CEO Incentive Awards to Mr Ofer Druker, the intended Chief Executive Officer of Taptica and the Enlarged Group and (ii) the CEO Remuneration Amendments.

##### ***Resolution 4:***

- To approve the grant of the CFO Incentive Awards to Mr Yaniv Carmi, Taptica's Chief Financial Officer and the intended Chief Financial Officer of the Enlarged Group.

##### ***Resolution 5:***

- To approve (i) an increase to the fees payable to Mr Tim Weller for his services as the Non-Executive Chairman of the Enlarged Group to £150,000 gross per annum effective upon the effectiveness of the Scheme, and (ii) a fee payment of £100,000 to Mr Weller for his special executive services and time commitment in connection with the Offer.

**Resolution 6:**

- To approve (i) the appointment of Mr Neil Jones as the Senior Independent Non-Executive Director of the Enlarged Group and (ii) an increase to the fees payable to £55,000 gross per annum effective upon the effectiveness of the Scheme for his services as Senior Independent Non-Executive Director and Chairman of the Audit Committee of the Enlarged Group (consisting of (A) Non-Executive Director fees of £43,000, (B) Senior Independent Non-Executive Director fees of £5,000, and (C) Chairman of Audit Committee fees of £7,000).

**Resolution 7:**

- To approve an increase to the fees payable to Ms Joanna Parnell to £50,000 gross per annum effective upon the effectiveness of the Scheme for her services as Non-Executive Director and Chair of the Remuneration Committee of the Enlarged Group (consisting of (A) Non-Executive Director fees of £43,000, and (B) Chair of Remuneration Committee fees of £7,000).

**Resolution 8:**

- To approve an increase to the fees payable to Mr Ronni Zehavi to £43,000 gross per annum effective upon the effectiveness of the Scheme for his services as Non-Executive Director of the Enlarged Group.

If the Taptica Shareholders fail to approve and adopt the Transaction Resolutions, the Scheme will lapse.

**Recommendation of the Taptica Board**

The Taptica Board unanimously recommends that Taptica Shareholders vote in favour of each the Resolutions to be proposed at the Extraordinary General Meeting.

**Voting Record Time; Shareholders Entitled to Vote**

In accordance with the Israel Companies Law and Taptica's Articles of Association, the Taptica Board has fixed 6.00 p.m. on 21 February 2019 as the Voting Record Time for determining the Shareholders entitled to notice of, and to vote at, the Extraordinary General Meeting. Accordingly, a Shareholder is entitled to notice of, and to vote at, the Extraordinary General Meeting only if it is a record holder of Taptica Shares at the Voting Record Time, and only in respect of those shares actually held at the Voting Record Time.

DI Holders will require a Letter of Representation in order to attend, speak or vote in person at the Extraordinary General Meeting. This may be requested from the Depository by no later than 72 hours prior to the start of the Extraordinary General Meeting or any adjournment thereof.

As of the Latest Practicable Date, Taptica' issued share capital consisted of 68,639,235 Taptica Shares, along with 8,143,337 Taptica Shares reclassified as dormant shares under the Israel Companies Law (without any rights attached thereon), which Taptica holds in treasury. Therefore, the total voting rights in Taptica as of the Latest Practicable Date were 68,639,235.

**Quorum; Adjournment and Postponement**

A quorum must be present in order for the Extraordinary General Meeting to be held. Pursuant to Taptica's Articles of Association, the quorum required for the Extraordinary General Meeting consists of at least two Shareholders present, in person or by proxy, who hold or represent between them at least 25 per cent. of the voting power of Taptica.

If within half an hour from the time appointed for the holding of the Extraordinary General Meeting a quorum is not present, the Extraordinary General Meeting will stand adjourned until one week thereafter at the same time and place, or such other date, time or place as determined by the Chairman of the Taptica Board. If within half an hour from the time appointed for holding of the adjourned meeting the aforesaid percentage of Taptica Shares required for a quorum is not present, one or more Shareholders (regardless of the percentage of voting power of Taptica held by them) who are present will constitute a quorum for the business for which the original Extraordinary General Meeting was called.

## **Voting Rights and Vote Required**

Each Taptica Share outstanding at the Voting Record Time will entitle its holder to one vote upon each of the matters to be presented at the Extraordinary General Meeting.

Provided that a quorum is present, the following vote of the Taptica Shareholders will be required to approve each of the Resolutions:

- The approval of Resolution 1 requires the affirmative vote of the holders of 75 per cent. of the voting power represented and voting on the Resolution in person or by proxy.
- The approval of Resolution 3 requires the affirmative vote of the holders of a majority of the voting power represented and voting on the Resolution in person or by proxy. In addition, the shareholders' approval must either include at least a majority of the Taptica Shares voted by Taptica Shareholders and DI holders who are not controlling shareholders (as defined in the Israel Companies Law) of Taptica nor are they shareholders who have a personal interest (as defined in the Israel Companies Law) in the adoption of Resolution 3, or the total ordinary shares of non-controlling shareholders and non-interested shareholders voted against this Resolution 3 must not represent more than two per cent of the outstanding Taptica Shares. For this purpose, you are asked to indicate in the Form of Proxy and Form of Direction, as applicable, whether you are a controlling shareholder or have a personal interest in Resolution 3.
- The approval of each of Resolutions 2, 4, 5, 6, 7 and 8 requires the affirmative vote of the holders of a majority of the voting power represented and voting on each such Resolution in person or by proxy.

Taptica Shares which are not voted on the Resolution, and Taptica Shares represented at the Extraordinary General Meeting by proxy where the Shareholder has properly withheld authority to vote on such proposal (i.e. abstained) will be counted for the purposes of determining whether a quorum exists and for determining the voting power of Shareholders entitled to vote at the Extraordinary General Meeting.

## **Voting Procedures**

For information on how to vote at the Extraordinary General Meeting (including by proxy), please see the detailed notes to the Notice of Extraordinary General Meeting at the end of this Circular and the instructions to the Form of Proxy and Form of Direction.

To be valid:

- a Form of Proxy should be completed and returned to Link Market Services Limited, Proxies, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive by no later than 12.30 p.m. on 19 March 2019.
- a Form of Direction (for DI holders only) should be completed and returned to the Depository, Link Market Services Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, by no later than 12.30 p.m. on 18 March 2019.

Each of the Resolutions to be put to the forthcoming Extraordinary General Meeting will be taken by way of a poll after the Resolutions have been proposed so that all votes tendered, whether in person, by proxy or through the registered owner, are taken into account.

## **Assistance**

If you have any questions relating to the Extraordinary General Meeting, this Circular or the completion and return of the Form of Proxy and/or Form of Direction, please address your questions in writing to Taptica's Registrars, Link Market Services Limited, Corporate Actions, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or call Link Market Services Limited on +44 (0) 871 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The phone lines will be open between 9 a.m. to 5.30 p.m. London time, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**SHAREHOLDERS ARE URGED TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED FORM OF PROXY AND/OR FORM OF DIRECTION IN THE ENVELOPE PROVIDED.**

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## PART 1

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event:</i>	<i>Time and/or Date</i>
Issuance of Rule 2.7 Announcement	4 February 2019
Despatch of this Circular	14 February 2019
Voting Record Time for determining the Taptica Shareholders entitled to vote at the Extraordinary General Meeting	6.00 p.m. 21 February 2019
Despatch of the Scheme Document	25 February 2019
Last time for lodging Forms of Direction	12.30 p.m. 18 March 2019
Last time for lodging Forms of Proxy	12.30 p.m. 19 March 2019
Extraordinary General Meeting of Taptica	12.30 p.m. 21 March 2019
RhythmOne Court Meeting	10.00 a.m. 22 March 2019
RhythmOne General Meeting	10.15 a.m. 22 March 2019
Last day of dealings in, and time for registration of transfers of, RhythmOne Shares	29 March 2019
Court Hearing to sanction the Scheme	29 March 2019
Effective Date of the Scheme	1 April 2019
Admission of the Enlarged Group to trading on AIM	by 8.00 a.m. on 1 or 2 April 2019
Delisting of RhythmOne Shares	by 8.00 a.m. on 1 or 2 April 2019
New Taptica Shares issued to RhythmOne Shareholders	by 8.00 a.m. on 1 or 2 April 2019

*The times and dates in the timetable above, except for the historical dates and the expected date of the Taptica Extraordinary General Meeting, are indicative only, and will depend, among other things, on the date upon which the Conditions are satisfied or (if capable of waiver) waived and the date upon which the Court sanctions the Scheme and the dates on which the Court Order is delivered to the Registrar of Companies. If any of the times and/or dates above change, the revised times and/or dates will be notified by an announcement through a regulatory information service recognised by the London Stock Exchange. All times are London times.*

## PART 2

### KEY STATISTICS

Number of Existing Taptica Shares in issue prior to the Offer	68,639,235 <sup>1</sup>
Expected number of New Taptica Shares issued pursuant to the Offer	68,343,888 <sup>2</sup>
Expected number of Taptica Shares in issue immediately following Admission	136,983,123
Expected number of New Taptica Shares as a percentage of the Enlarged Taptica Share Capital	49.9 per cent.
Expected market capitalisation of the Enlarged Group on Admission	£267.1 million <sup>3</sup>
ISIN number	IL0011320343
AIM symbol of the Enlarged Group	TAP
LEI for Taptica	213800ZNSR7AIJZ2J557

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<sup>1</sup> Being the number of Taptica Shares in issue on the Last Practicable Date, excluding 8,143,337 Taptica Shares reclassified as dormant shares under the Israel Companies Law (without any rights attached thereon), which Taptica holds in treasury.

<sup>2</sup> Based on the number of Scheme Shares in issue on the Last Practicable Date, and includes up to 1,618,994 Taptica Shares issuable upon the vesting and/or exercise of RhythmOne Options and RSUs rolled over into equivalent options and RSUs over Taptica Shares as part of the Offering.

<sup>3</sup> Based on the Closing Price of Taptica Shares of 195.0 pence on the Last Practicable Date.

## PART 3

### LETTER FROM THE NON-EXECUTIVE CHAIRMAN OF TAPTICA

*Directors*

Tim Weller, *Non-Executive Director and Chairman*  
Yaniv Carmi, *Chief Financial Officer*  
Neil Jones, *Non-Executive Director*  
Joanna Parnell, *Non-Executive Director*  
Ronni Zehavi, *Non-Executive Director*

*Registered Office*

121 Hahashmonaim St  
Tel Aviv  
Israel

14 February 2019

Dear Shareholder,

#### **Recommended All Share Offer for RhythmOne PLC and Notice of Extraordinary General Meeting of Shareholders**

#### **1. Introduction**

On 4 February 2019, the Taptica Board announced that it had reached agreement with the RhythmOne Board on the terms of a recommended offer to be made by Taptica to acquire the entire issued and to be issued ordinary share capital of RhythmOne. The Offer is to be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.

The purpose of the Scheme is to provide for Taptica to become the owner of the whole of the issued ordinary share capital of RhythmOne. The Scheme will be put to Scheme Shareholders at the Court Meeting and to RhythmOne Shareholders at the RhythmOne General Meeting. In order to become effective, the Scheme must be approved by a majority in number of the Scheme Shareholders voting at the Court Meeting, either in person or by proxy, representing at least 75 per cent. of the voting rights held by those Scheme Shareholders. The implementation of the Scheme must also be approved by RhythmOne Shareholders at the RhythmOne General Meeting.

The implementation of the Offer is also subject to the Taptica Shareholders approving the authority of the Taptica Board to issue the New Taptica Shares as consideration under the Offer, as set forth in Resolution 1. The Taptica Board is further seeking the approval of the Taptica Shareholders to authorise the New Taptica Management Incentive Scheme and the grants thereunder to the proposed CEO and to the CFO of the Enlarged Group, as set forth in Resolutions 2, 3 and 4. In addition, the Board is also seeking the approval of the Taptica Shareholders to amend the fees of the Non-Executive Chairman and the Non-Executive Directors of the Enlarged Group. If the Transaction Resolutions are not passed, the Scheme will lapse.

#### **The purpose of this Circular is:**

- **to provide you with information about the Offer, the New Taptica Management Incentive Scheme and the proposed new fees for the Non-Executive Chairman and Non-Executive Directors of the Enlarged Group;**
- **to explain why the Taptica Board considers the Offer to be in the best interests of Taptica and the Taptica Shareholders as a whole, and unanimously recommends that Taptica Shareholders vote in favour of the Resolutions; and**
- **to convene an Extraordinary General Meeting to seek Shareholder approval for the Resolutions.**

The Offer has also been unanimously recommended to the RhythmOne Shareholders by the RhythmOne Board.

**Shareholders are advised to read this Circular in its entirety.**

**The information contained in this Circular does not purport to be complete and should be read in conjunction with the full text of the Scheme Document which will be available at**

**www.tapticainternational.com and www.rhythmone.com and in hard copy at the registered offices of Taptica and RhythmOne until the time of the Extraordinary General Meeting.**

**Taptica Shareholders should also read the whole of the Scheme Document, in particular the Letter of Recommendation from the Chairman of RhythmOne and the Explanatory Statement.**

## **2. Summary Terms of the Offer**

It is intended that the Offer will be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act. The Scheme requires, amongst other things, the approval of Scheme Shareholders at the Court Meeting and of RhythmOne Shareholders at the RhythmOne General Meeting, and is subject to the satisfaction or waiver (where waivable) of the Conditions and sanction of the Court.

The purpose of the Scheme is to provide for Taptica to become the owner of the whole of the issued ordinary share capital of RhythmOne. Under the terms of the Offer, each RhythmOne Shareholder will be entitled to receive:

### **28 New Taptica Shares for every 33 RhythmOne Shares held**

The exchange ratio will be applied to the holding of each Scheme Shareholder with the resulting number of New Taptica Shares being rounded up to the nearest whole number.

The Offer values the entire issued and to be issued ordinary share capital of RhythmOne at approximately £133.3 million based on the Closing Price of 195.0 pence per Taptica Share on the Latest Practicable Date.

Based on the number of RhythmOne Shares in issue on the Latest Practicable Date, 68,343,888<sup>4</sup> New Taptica Shares are expected to be allotted and issued as consideration in connection with the Offer, assuming no further RhythmOne Shares are issued in the period between the date of this Circular and the Effective Date. On this basis, immediately following the Effective Date, Taptica Shareholders would hold approximately 50.1 per cent. of the Enlarged Taptica Share Capital and Scheme Shareholders would hold approximately 49.9 per cent. of the Enlarged Taptica Share Capital.

The Taptica Directors are therefore seeking authority to allot and issue up to a maximum of 68,343,888 New Taptica Shares as consideration in connection with the Offer, which includes the authority to issue up to an additional 1,618,994 New Taptica Shares in respect of RhythmOne Options and RhythmOne RSUs rolled over into equivalent options and RSUs over Taptica Shares as part of the Offering, which may be vested and/or exercised and entitled to receive consideration under the terms of the Offer.

The Conditions relating to the Offer are summarised in paragraph 5 below.

The New Taptica Shares will be allotted and issued credited as fully paid and will rank *pari passu* in all respects with the existing Taptica Shares in issue at the time the New Taptica Shares are allotted and issued pursuant to the Scheme, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Scheme Effective Date. Application will be made for the New Taptica Shares to be admitted to trading on AIM.

## **3. Background and Reasons for the Offer**

The Taptica executive management team expects the growth of subscription-based video and over-the-top media services (“OTT”) to continue. Connected TV (“CTV”) is becoming one of the main delivery points for OTT content and is expected to grow as audiences continue to embrace digital streaming over multiple devices. In 2018, it was estimated that the number of CTV users was 182.6 million in the US alone, and this is expected to rise to 204.1 million by 2022, which represents 60.1 per cent. of the projected US population<sup>5</sup>. This expected growth in audience size has given rise to an expected increase in video advertising budgets. It is expected that digital video ad spend will grow in the United States from US\$17.9 billion in 2018 to

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<sup>4</sup> Based on the number of Scheme Shares in issue on the Last Practicable Date, and includes up to 1,618,994 Taptica Shares issuable upon the vesting and/or exercise of RhythmOne Options and RSUs rolled over into Taptica RSUs and Options as part of the Offering.

<sup>5</sup> ‘Connected TV Advertising’ report published by eMarketer April 2018.

US\$26.93 billion<sup>6</sup> by 2021 and across the same period, it is expected that digital ad spend will grow from US\$37.45 billion to US\$70.66 billion globally<sup>7</sup>. The combination of Taptica and RhythmOne is expected to create one of the leading video advertising companies in the US and will place the Enlarged Group in a position to exploit the fast-growing global video advertising space.

Taptica previously exploited this trend towards OTT and CTV within the eco-system by acquiring Tremor Video's Demand-Side Platform ("**DSP**") in August 2017 to give Taptica a significant footprint in the US. The acquisition of Tremor Video DSP in August 2017, and the acquisition of Adinnovation in Japan in July 2017, evidences the proven track record of Taptica's executive and senior management team in successfully integrating businesses and leveraging established brands within the ad-tech ecosystem. The Taptica Directors acknowledge that RhythmOne's brand advertising exchange, RhythmMax, would be a valuable asset to the Enlarged Group. It has connections to multiple supply streams with a very strong technology base including proprietary brand safety technology. Through the integration of Tremor Video's demand-side platform with RhythmMax, the Taptica Directors expect to enjoy significant revenue synergies.

The Taptica Directors believe that RhythmOne's recent acquisition, YuMe, has attractive relationships with large-scale premium advertisers, access to premium inventory and could provide the Enlarged Group with valuable size and reach into CTV media where RhythmOne has gained important experience over the last few years. Similarly, Tremor Video's knowledge and existing relationships with its TV data companies would be of great benefit to the YuMe and RhythmOne sales team. The ability for RhythmOne and Tremor Video to work alongside one another will give the sales teams strong cross selling opportunities and further diversify existing revenue streams.

The Taptica Directors believe that the scale of the Enlarged Group's video advertising business would significantly increase the profile of its video advertising business in the US in particular and could also create interesting global opportunities.

The Taptica Directors also believe that certain assets of RhythmOne's business could be highly complementary to Taptica's performance business. Performance based advertising has become increasingly focused on brand protection, deliverability and measurement of KPIs, which all require the supply of big volumes of available media sources to distribute the advertising. RhythmOne provides a large supply of media sources and has agreements in place to protect this supply. The Enlarged Group will therefore be able to offer a media platform with the ability to reach a large volume of users and optimise performance, based on technological advantage.

The combination of the supply side of RhythmOne and demand side of Taptica will allow the Enlarged Group to offer a comprehensive tech solution to its customers.

Alongside the clear strategic rationale for the combination of Taptica and RhythmOne, the Taptica Directors expect to be able to capitalise on significant infrastructure cost synergies, primarily surrounding the consolidation of service providers, the rationalisation of bandwidth and technology infrastructure and saving the costs currently incurred by RhythmOne in maintaining its quotation on AIM and from being registered as a foreign private issuer with the SEC.

Taptica recognises the talent of the existing RhythmOne employees and management and believes that the combined skills and knowledge of the two groups' employees will allow the Enlarged Group to grow its overall business.

#### **4. Scheme Structure**

The purpose of the Scheme is to provide for Taptica to become the owner of the whole of the issued ordinary share capital of RhythmOne. The Scheme will be put to Scheme Shareholders at the Court Meeting and to RhythmOne Shareholders at the RhythmOne General Meeting. In order to become effective, the Scheme must be approved by a majority in number of the Scheme Shareholders voting at the Court Meeting, either in person or by proxy, representing at least 75 per cent. of the voting rights held by those Scheme Shareholders.

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<sup>6</sup> "Q2 2018 Digital Video Trends – Monetization, Audience, Platforms and Content" report published by eMarketer April 2018.

<sup>7</sup> July 2018 Cowen and Company report "Cowen's Inaugural Midyear Ad Buyer Survey – Ahead Of The Curve Follow Up Series".

Irrevocable undertakings and letters of intent to vote in favour of the Scheme at the Court Meeting and the RhythmOne Resolutions at the RhythmOne General Meeting have been received in respect of a total of 40,068,473 RhythmOne Shares, representing approximately 50.95 per cent. of the existing ordinary share capital of RhythmOne in issue on the Latest Practicable Date.

Upon the Scheme becoming effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting and the RhythmOne General Meeting.

Once the Scheme has become effective in accordance with its terms, the New Taptica Shares will be allotted to Scheme Shareholders. Application will be made for the New Taptica Shares to be admitted to trading on AIM and it is intended that Admission of the New Taptica Shares will become effective on the Business Day following the Scheme Effective Date. The Enlarged Group will retain the name Taptica International Ltd.

Prior to the Scheme becoming Effective, application will be made to AIM for the cancellation of the admission of the RhythmOne Shares to trading on AIM on the first Business Day following the Effective Date. It is intended the last day of dealings in, and for registration of transfers of, RhythmOne Shares will be 29 March 2019, being the Business Day prior to the Court Hearing, following which the RhythmOne Shares will be temporarily suspended from AIM and no transfers of RhythmOne Shares will be registered after this date. Prior to the Scheme Effective Date, it is further intended that a request will be made to the London Stock Exchange to cancel admission to trading of RhythmOne Shares on AIM upon (or shortly after) the Scheme Effective Date.

On the Scheme Effective Date, the share certificates in respect of RhythmOne Shares will cease to be valid and entitlements to RhythmOne Shares held in CREST will be cancelled. It is intended that, following the Scheme Effective Date, and after the RhythmOne Shares have been de-listed from AIM, RhythmOne will be re-registered as a private limited company. It is also intended that the RhythmOne Shares be de-registered from SEC shortly following the Scheme Effective Date (or earlier as allowed by the rules of the SEC).

Although it is intended that the Offer will be effected by means of a Scheme, Taptica reserves the right, subject to the consent of RhythmOne and the Takeover Panel, or in certain circumstances without the consent of RhythmOne, to implement the Offer by way of a Takeover Offer rather than by way of a Scheme and to make appropriate amendments to the terms of the Offer in order to do so. Any such change to the structure of the Offer will be notified to Taptica Shareholders by way of Regulatory Information Service.

**Further details of the Scheme, including an indicative timetable for its implementation, and the notices of the Court Meeting and the RhythmOne General Meeting will be set out in the Scheme Document, which will be available at [www.tapticainternational.com](http://www.tapticainternational.com) and [www.rhythmone.com](http://www.rhythmone.com) and in hard copy at the registered offices of Taptica and RhythmOne until the end of the Offer Period.**

**You may request a hard copy of any documents incorporated by reference in this Circular by phoning tel: +44 (0)20 7390 0230 during business hours or by submitting a request in writing to Vigo Communications Ltd at 40 Piccadilly, London, W1J 0DR or [taptica@vigocomms.com](mailto:taptica@vigocomms.com).**

## **5. Conditions**

The Scheme is subject to the Conditions and further terms set out in Appendix I to the Announcement and as to be further set forth in the Scheme Document, including *inter alia*:

- the approval of the Scheme by the Scheme Shareholders at the Court Meeting and the RhythmOne Shareholders at the RhythmOne General Meeting;
- the approval of the Transaction Resolutions by the Taptica Shareholders at the Extraordinary Shareholders Meeting;
- all filings having been made and all appropriate waiting periods under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the regulations thereunder having expired, lapsed or been terminated as appropriate;
- the New Taptica Shares being admitted to trading on AIM; and
- the sanction of the Court.

Subject to satisfaction (or, where applicable, waiver) of the Conditions, the Scheme is expected to become effective in accordance with its terms by 1 April 2019.

The Offer will lapse if (*inter alia*) the following do not occur:

- the Court Meeting, the RhythmOne General Meeting and the Court Hearing are not held by the 22nd day after the expected date of such meetings to be set out in the Scheme Document (or such later date as may be agreed between RhythmOne and Taptica); or
- the Scheme does not become Effective by the Long Stop Date;

provided, however, that the deadlines for the timing of the Court Meeting, the RhythmOne General Meeting, the Court Hearing and for the Scheme to become Effective as set out above may be waived by Taptica.

## 6. Confidentiality Agreement and Co-operation Agreement

*Confidentiality Agreement.* On 15 August 2018, Taptica and RhythmOne entered into a confidentiality and non-disclosure agreement (the “**Confidentiality Agreement**”) in a customary form in relation to the Offer, pursuant to which they each undertook, subject to certain exceptions, to keep information relating to each other confidential and not to disclose it to third parties. The confidentiality obligations remain in force until the third anniversary of the date of the agreement.

*Co-operation Agreement.* On 3 February 2019, Taptica and RhythmOne entered into a co-operation agreement (the “**Co-operation Agreement**”) under which:

- Taptica has agreed to secure the regulatory clearances and authorisations necessary to satisfy the regulatory conditions relating to the acquisition of RhythmOne by Taptica; and
- Taptica and RhythmOne have each agreed to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made in relation to such regulatory clearances and authorisations.

The Co-operation Agreement records the parties’ intention to implement the acquisition by means of a scheme of arrangement, subject to the ability of Taptica to implement the acquisition by way of an offer with the consent of the Takeover Panel and (other than in certain circumstances set out in the Co-operation Agreement) RhythmOne’s prior written consent.

The Co-operation Agreement will terminate in certain circumstances, including if the Scheme does not become effective by 30 April 2019 or such later date as may be agreed in writing by Taptica and RhythmOne (with the Takeover Panel’s consent and (if such approval is required) as the Court may approve).

## 7. RhythmOne Option and RhythmOne RSU Holders

As at the close of business on the Latest Practicable Date, there are (i) 849,325 RhythmOne Shares to be issued upon exercise of outstanding RhythmOne Options and (ii) 1,058,776 RhythmOne Shares to be issued upon vesting of outstanding RhythmOne RSUs. The RhythmOne Options and RhythmOne RSUs do not provide for change of control acceleration and will be rolled over into equivalent options and RSUs over Taptica Shares, except for 239,520 RhythmOne RSUs held by Mark Bonney, RhythmOne’s Chief Executive Officer, all of which will accelerate upon consummation of the Offer.

Up to 1,618,994 New Taptica Shares will be issuable upon the vesting and/or exercise of RhythmOne Options and RSUs rolled over into equivalent options and RSUs over Taptica Shares as part of the Offering.

Appropriate proposals will be made to RhythmOne Share Scheme Participants. Such persons will be sent separate letters in due course explaining the effect of the Offer on the RhythmOne Options and/or RhythmOne RSUs granted to them under the RhythmOne Equity Incentive Plans and setting out the specific proposals being made in respect of their outstanding the RhythmOne Options and/or RhythmOne RSUs in connection with the Scheme.

## 8. RhythmOne Irrevocable Undertakings and Letters of Intent

Mr Eric Singer (a RhythmOne Director who holds RhythmOne Shares) and his related interests have irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and the RhythmOne Resolutions at the RhythmOne General Meeting in respect of his own RhythmOne Shares, being in aggregate a total of 4,057,323 RhythmOne Shares, representing approximately 5.16 per cent. of the existing ordinary share capital of RhythmOne in issue on the Latest Practicable Date.

Mr John Mutch (a RhythmOne Director who holds RhythmOne Shares) has irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and the RhythmOne Resolutions at the RhythmOne General Meeting in respect of his own RhythmOne Shares, being in aggregate a total of 15,294 RhythmOne Shares, representing approximately 0.02 per cent. of the existing ordinary share capital of RhythmOne in issue on the Latest Practicable Date.

The irrevocable undertakings referred to above will remain in full force and effect unless the Scheme Document is not despatched to RhythmOne Shareholders within twenty eight days (or such longer period as the Takeover Panel may agree, being not more than six weeks) after the date of the Announcement.

Taptica has also received irrevocable undertakings from Toscafund Asset Management LLP to vote in favour of the Scheme at the Court Meeting and the RhythmOne Resolutions at the RhythmOne General Meeting in respect of a total of 19,216,908 RhythmOne Shares, representing approximately 24.44 per cent. of the existing ordinary share capital of RhythmOne in issue on the Latest Practicable Date.

The obligations of the shareholders referred to above under their undertakings shall lapse if the Offer is withdrawn or lapses; the recommendation by the Taptica directors of the Offer is withdrawn; or if the Scheme Document is not despatched to the RhythmOne Shareholders within twenty eight days (or such longer period as the Takeover Panel may agree, being not more than six weeks) after the date of the Announcement.

Furthermore, Taptica has received letters of intent from Lombard Odier Asset Management (Europe) Limited and River and Mercantile Asset Management to vote in favour of the Scheme at the Court Meeting and the RhythmOne Resolutions at the RhythmOne General Meeting in respect of a total of 16,778,948 RhythmOne Shares, representing approximately 21.34 per cent. of the existing ordinary share capital of RhythmOne in issue on the Latest Practicable Date.

In aggregate, therefore, irrevocable undertakings and letters of intent to vote in favour of the Scheme at the Court Meeting and the RhythmOne Resolutions at the RhythmOne General Meeting have been received in respect of a total of 40,068,473 RhythmOne Shares, representing approximately 50.95 per cent. of the existing ordinary share capital of RhythmOne in issue on the Latest Practicable Date.

## 9. Information on RhythmOne<sup>8</sup>

2018 was a period of significant change for RhythmOne, commencing with the acquisition of YuMe, which completed on 2 February 2018, and continuing with significant changes in the composition of the board and management teams. During this time, RhythmOne achieved significant improvements in its revenue, gross profit and adjusted EBITDA in its interim results for the six months to 30 September 2018 (the “**Interim Statement**”).

RhythmOne’s net cash as at 30 September 2018 was US\$12.6 million. The RhythmOne Directors believe that RhythmOne is in a good financial position and, as stated in the Interim Statement, its management team is focused on driving efficiency in the business with the objective of progressive profitability on an Adjusted EBITDA basis. Consequently, the RhythmOne Directors would only consider recommending an offer if they believed that it delivered significant benefits to shareholders.

The RhythmOne Directors are very familiar with Taptica and would note that there is significant commonality in the activities of the two companies, both of which operate in the advertising technology sector. The RhythmOne Directors have high regard for the management team of Taptica and the quality of its products and services. In addition, the RhythmOne Directors believe that there will be material synergies available from a combination of the two companies and from the additional scale of the Enlarged Group, which will

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<sup>8</sup> The information in this paragraph 9 “Information on RhythmOne” has been extracted from the Announcement without material amendment.



be approximately twice the size of RhythmOne. In particular, the RhythmOne Directors believe that there will be revenue synergies arising from improved relationships with suppliers. The Enlarged Group will also have a diversified portfolio of bespoke products that use proprietary intellectual property (including RhythmOne's demand-side products and RhythmGuard and Taptica's Tremor Video products), which have numerous complementary applications, and which will combine to form a product offering that covers multiple delivery channels and methodologies.

The RhythmOne Directors also note the rapid rate of change in the advertising technology sector and the competitive environment, which includes much larger companies. They believe that consolidation will continue in the sector and that there are benefits in scale, as well as in retaining a listing, which will, in the opinion of the RhythmOne Directors, provide access to capital and the ability to use equity towards further acquisitions. In this regard, they note that the historic growth of both Taptica and RhythmOne has largely resulted from successful acquisitions.

The RhythmOne Directors note that its commercial progress has not been reflected in share price progression over the past 18 months. They believe that the Offer will deliver an executive management team that is capable of delivering value to shareholders, and of interacting with the London-based shareholders more effectively than has been possible to date. The Enlarged Group will have a strong balance sheet and the RhythmOne Directors note that Taptica reported a net cash balance of US\$54.4 million as at 31 December 2018.

### ***RhythmOne Current Trading.***

In its Interim Statement, RhythmOne reported revenue of US\$175.4 million (equivalent figure for the six months to 30 September 2017: US\$114.5 million) and adjusted EBITDA (defined as loss for the period, adjusted to exclude finance income and expense, taxation, depreciation and amortization, share based payments, exceptional items, which include acquisition related costs, restructuring and severance costs, settlement of litigation, fair value adjustments and unrealized foreign exchange gain and loss) of US\$20.5 million (2017: US\$8.2 million).

### ***The FY2019 Profit Forecast***

In its Interim Statement, RhythmOne stated: "RhythmOne anticipates continued year-over-year revenue growth throughout the balance of FY2019, led by its programmatic capabilities and prior acquisitions. RhythmOne continues to trade in line with consensus forecast revenue and adjusted EBITDA is in line with consensus forecast EBITDA."

The FY2019 Profit Forecast was published before Taptica made an approach with regard to a possible offer for RhythmOne and therefore the requirements of Rule 28.1(c)(i) of the Takeover Code apply.

#### *Basis of preparation:*

The RhythmOne Directors prepared the FY2019 Profit Forecast on the basis of the budget for the financial year ending 31 March 2019. In confirming the FY2019 Profit Forecast, the RhythmOne Directors have made the following assumptions in respect of the financial year ending 31 March 2019:

#### *Assumptions outside of RhythmOne's influence or control:*

Other than as publicly disclosed, including the planned shutdown of certain international locations:

- there will be no material adverse change to RhythmOne's commercial relationships; and
- there will be no material adverse change to RhythmOne's business model or market environment before the end of FY2019.

#### *Assumptions within RhythmOne's influence or control*

Other than as publicly disclosed, including the planned shutdown of certain international locations:

- there are no material investments or capital expenditure, in addition to those already planned;
- there will be no material change in the existing operational strategy of RhythmOne; and
- there will be no material acquisitions or disposals.

### *RhythmOne Directors' confirmation*

The RhythmOne Directors have considered the FY 2019 Profit Forecast and confirm that it remains valid as at the date of this document, that the FY2019 Profit Forecast has been properly compiled on the basis of the assumptions set out above and that the basis of accounting used is consistent with RhythmOne's accounting policies, which are in accordance with IFRS and are those that RhythmOne expects to apply in preparing its annual report and accounts for the financial year ending 31 March 2019.

RhythmOne confirms that as at 30 November 2018, it had a net cash position of US\$18.273 million<sup>9</sup>. As a result of its business activities, RhythmOne generally experiences seasonal increases in revenue in the fourth quarter of the calendar year, reflecting customer advertising activity in the run-up to Christmas. Associated cash collection terms are, in many cases, approximately 90 days after invoice and consequently, cash associated with these revenues would expect to be collected in the first calendar quarter (January – March). If this proves to be the case, the RhythmOne Directors would expect to report a higher level of net cash at the year-end balance sheet date than that for the interim balance sheet date. However, it is expected that RhythmOne, as a standalone company, would continue to experience material fluctuations in its cash position on an ongoing basis.

## **10. Management, Employees and Locations of Business of RhythmOne and Taptica**

For the reasons set out in the section entitled "Background and Reasons for the Offer" in paragraph 3 above, Taptica sees clear long-term strategic benefit to all stakeholders by the combination of these two complementary businesses.

Taptica believes that the Offer will generate significant new business opportunities and that these will, in a fast-moving market, quickly influence the future strategic plans of the combined business. Taptica believes that the cash generative nature expected of the Enlarged Group and the expertise of its highly skilled employee base will enable a substantial investment in developing a market-leading technology proposition.

Taptica intends that Ofer Druker will serve as Chief Executive Officer of the Enlarged Group, subject to regulatory approvals being received. Mr Druker will lead a detailed assessment of the RhythmOne business following completion of the Offer, for the purpose of integration and strategic planning.

Taptica announces that it is the intention of the Enlarged Group to launch a US\$15 million discretionary share buy back programme to purchase shares in the market, commencing immediately following the completion of the Offer. The Enlarged Group will instruct finnCap to manage the buy-back on its behalf during the period.

Taptica has a high regard for the achievements of RhythmOne's employees and management and has no intention that the integration of RhythmOne into the Enlarged Group will materially change the existing business of RhythmOne. It is intended that RhythmOne will continue to operate in materially the same way following completion of the Offer with the benefit of a revitalised management team drawn from across the two businesses. Other than the expected resignation of the existing RhythmOne Directors, there is no intention to materially reduce headcount within the Taptica or RhythmOne businesses. Accordingly, no material change in the balance of skills and functions of the workforce of the Enlarged Group is expected. Taptica notes that there has historically been a significant degree of employee turnover within the RhythmOne business.

The headquarters of the Enlarged Group will be at Taptica's headquarters in Tel Aviv. The Enlarged Group will retain RhythmOne's office in San Francisco, but it is expected that where Taptica and RhythmOne have offices in the same states in the United States, then (where possible and desirable) these will be consolidated. This is not intended to materially affect the headcount of the staff in either headquarter/ main office.

Taptica has given assurances to RhythmOne that the existing employment and pension rights of its employees will be fully safeguarded in accordance with applicable law. RhythmOne does not maintain any defined benefit pension schemes. Taptica has not entered into, and has not had discussions on, proposals to enter into any form of incentivisation arrangements with members of RhythmOne's management nor will

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<sup>9</sup> Net Cash is defined by RhythmOne as: "Net cash comprises of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value in addition to marketable securities which are investments in corporate bonds, commercial papers, government bonds, collateralized securities and certificates of deposit net of borrowings under the Company's revolving credit facility."

it have any such discussions, before completion of the Offer. It is the intention to put in place appropriate management incentivisation arrangements following completion of the Offer.

Taptica's intention is to seek the cancellation of the admission to trading on AIM of RhythmOne and to de-register from the SEC. Taptica expects each RhythmOne Director to resign from their office as directors of RhythmOne on completion of the Offer.

Other than as described above, no other changes are envisaged with regard to the balance of skills and functions of RhythmOne's employees or management, no material changes to the conditions of employment of RhythmOne's employees nor to the research and development functions or the fixed assets of RhythmOne.

Taptica has significant experience of change management and believes that integration of the two businesses can be achieved without significant disruption to either business. Accordingly, other than as described above, the Offer is not expected to have any impact on Taptica and its existing business.

## **11. Admission of the New Taptica Shares**

Application will be made for the New Taptica Shares to be admitted to trading on AIM and it is intended that Admission of the New Taptica Shares will become effective on the Business Day following the Scheme Effective Date.

## **12. New Taptica Management Incentive Scheme**

As part of the Offer and following the recommendation of the Remuneration Committee, the Taptica Directors approved the implementation of a new equity incentive package ("**New Taptica Management Incentive Scheme**"), which comprises of options or RSUs over 11,772,932 Taptica Shares, which equates to 8 per cent of the fully diluted share capital of the Enlarged Group, should the Offer be completed ("**New Awards**"). In order to provide for the New Awards under the New Taptica Management Incentive Scheme, the available pool of Taptica's 2017 Equity Incentive Plan shall be increased by 11,772,932 Taptica Shares.

The adoption of the New Taptica Management Incentive Scheme is inter-conditional with the Offer completing and is subject to a vote by Taptica Shareholders at the Extraordinary General Meeting.

The New Taptica Management Incentive Scheme is key in aligning key personnel with the future growth of the Enlarged Group and providing attractive incentivisation for key personnel in the Enlarged Group. Half of the package will have performance-based metrics relating to the Enlarged Group's earnings per share, cash conversion and total shareholder return as determined by the Remuneration Committee of the Enlarged Group, split equally over a three-year period, with the other half vesting on a time basis for two years post grant. The New Awards are expected to be granted in the form of Restricted Share Units and/or Options priced at par value. The New Taptica Management Incentive Scheme is in addition to Taptica's existing equity incentive plans and RhythmOne's existing equity incentive plans.

### ***Offer Druker, Enlarged Group's Chief Executive Officer***

- *CEO Incentive Awards.* In accordance with the recommendation of the Remuneration Committee and the Taptica Board and subject to the approval of the Taptica Shareholders at the Extraordinary General Meeting, upon the Scheme becoming effective, Mr Druker, who will serve as the Enlarged Group's Chief Executive Officer, will be granted 5,758,082 New Awards in the form of Restricted Share Units, which equates to 48.91 per cent. of the New Company Management Incentive Scheme, as follows:
  - 2,879,041 RSUs shall vest subject to Mr Druker's continued employment with the Enlarged Group and compliance with performance-based metrics relating to the Enlarged Group's earnings per share, cash conversion and total shareholder return as determined by the Remuneration Committee of the Enlarged Group, with 33.33 per cent. of such RSUs vesting upon release of the Enlarged Group's annual financial statements for 2019, 2020 and 2021.
  - 2,879,041 RSUs shall vest subject to Mr Druker's continued employment with the Enlarged Group in eight equal quarterly instalments over a period of 24 months after the Scheme becomes effective.

- In the event of a change in control of the Enlarged Group occurring, then, subject to Mr Druker's continuous service through the date of the change in control, all such RSUs that remain unvested on the date of the change in control shall immediately vest on the date of the change in control.
- *CEO Remuneration Amendments.* In accordance with the recommendation of the Remuneration Committee and the Taptica Board and subject to the approval of the Taptica Shareholders at the Extraordinary General Meeting:
  - The terms of the 120,000 Taptica Options granted to Mr Druker (as amended by the Taptica Shareholders on 31 July 2018) shall be amended as follows:
    - The exercise price shall be reset at NIS 0.01 (provided, however, that the Remuneration Committee and the Taptica Board shall be authorised to reset the exercise price at a price greater than NIS 0.01 and, in lieu, grant Mr Druker with equity incentive awards and/or cash awards reflecting a similar economic value).
    - Mr Druker's remaining unvested 80,000 Taptica Options shall vest as following: 20,000 Taptica Options shall vest on 1 April 2019, and the remaining 60,000 Taptica Options shall vest in six quarterly instalments of 10,000 Taptica Options commencing 1 July 2019.
  - The terms of the 1,080,000 Taptica Options granted to Mr Druker (as amended by the Taptica Shareholders on 31 July 2018) shall be amended as follows:
    - The exercise price shall be reset at NIS 0.01 (provided, however, that the Remuneration Committee and the Taptica Board shall be authorised to reset the exercise price at a price greater than NIS 0.01 and, in lieu, grant Mr Druker with equity incentive awards and/or cash awards reflecting a similar economic value).
    - The performance vesting criteria of the 720,000 Taptica Options subject to vesting following the release of the 2019 and 2020 Taptica annual results, shall be revised to be based on compliance with performance-based metrics relating to the Enlarged Group's earnings per share, cash conversion and total shareholder return as determined by the Remuneration Committee of the Enlarged Group, in lieu of the original performance-based metrics relating solely to Tremor Video DSP.
  - The terms of the 400,000 Taptica RSUs granted to Mr Druker (as amended by the Taptica Shareholders on 31 July 2018), which have not yet vested, shall be amended as follows:
- The remaining unvested 400,000 Taptica RSUs shall vest as following: 100,000 Taptica Options shall vest on 1 April 2019, and the remaining 300,000 Taptica RSUs shall vest in six quarterly instalments of 50,000 Taptica RSUs commencing 1 July 2019.
  - The termination of Mr Druker's employment as the Chief Executive Officer of the Enlarged Group, by Mr Druker or by the Enlarged Group, shall require advance notice of at least 180 days, other than in the case of termination by the Enlarged Group for "cause" (as shall be defined in Mr Druker amended employment agreement), which shall not require advance notice.
  - The annual salary of Mr Druker as the Chief Executive Officer of the Enlarged Group shall increase to US\$600,000 per annum with an annual cash bonus of up to 100 per cent. of the annual salary, subject to compliance with performance-based metrics relating to the Enlarged Group's earnings per share, cash conversion and total shareholder return as determined by the Remuneration Committee of the Enlarged Group.

#### ***Yaniv Carmi, Enlarged Group's Chief Financial Officer***

- *CFO Incentive Awards.* In accordance with the recommendation of the Remuneration Committee and the Taptica Board and subject to the approval of the Taptica Shareholders at the Extraordinary General Meeting, upon the Scheme becoming effective, Mr Carmi, who will serve as the Enlarged Group's Chief Financial Officer, will be granted 2,943,233 New Awards in the form of Options with an exercise price equal to par value (NIS 0.01), which equates to 25 per cent. of the New Company Management Incentive Scheme, as follows:
  - 1,471,616 Options shall vest subject to Mr Carmi's continued employment with the Enlarged Group and compliance with performance-based metrics relating to the Enlarged Group's earnings per share, cash conversion and total shareholder return as determined by the Remuneration Committee of the Enlarged Group, with 33.33 per cent. of such Options vesting upon release of the Enlarged Group's annual financial statements for 2019, 2020 and 2021.

- 1,471,617 Options shall vest subject to Mr Carmi's continued employment with the Enlarged Group in eight equal quarterly instalments over a period of 24 months after the Scheme becomes effective.
- In the event of a change in control of the Enlarged Group occurring, then, subject to Mr Carmi's continuous service through the date of the change in control, all such Options that remain unvested on the date of the change in control shall immediately vest on the date of the change in control.
- In accordance with the recommendation of the Remuneration Committee and the Taptica Board and subject to the approval of the Taptica Shareholders at the Extraordinary General Meeting, upon the later of (i) the effectiveness of the Scheme and (ii) the relocation of Mr Carmi from the Enlarged Group's headquarters in Israel to the Enlarged Group's offices in the United States, any portion of the 166,666 Taptica Options granted to Mr Carmi on 4 December 2017 that remains unvested on such date shall immediately vest. In the event that the vesting of any such Taptica Options accelerate, it shall be a condition to the exercise of such Taptica Options by Mr Carmi prior to their original applicable vesting date that Mr Carmi agrees not to sell or otherwise transfer the underlying Taptica Shares at least until the applicable vesting date.

#### ***Incentive Awards – Other Participants***

- The Enlarged Group's Remuneration Committee will decide on the final allocation of New Awards pursuant to the New Taptica Management Incentive Scheme to other key management and staff of the Enlarged Group.

### **13. Non-Executive Chairman, Senior Independent Non-Executive Director and Non-Executive Directors of the Enlarged Group**

Following the completion of the Offer and given the extent of the operations of the Enlarged Group, the amount of work required from the Board of the Enlarged Group is expected to increase significantly. Accordingly, the Board has recommended to appoint Mr Neil Jones, the Non-Executive Director, as the Senior Independent Non-Executive Director of the Enlarged Group.

Further, in light of the significant time commitment expected from the Non-Executive Chairman, the Senior Independent Non-Executive Director and the Non-Executive Directors of the Enlarged Group, the Remuneration Committee and the Taptica Board have each recommended, subject to the Scheme becoming effective, (i) to increase the annual fees of Mr Weller, the Non-Executive Chairman to £150,000 gross per annum; (ii) to increase the annual fees of Mr Jones, the Senior Independent Non-Executive Director and Chairman of the Audit Committee to £55,000 gross per annum (consisting of (A) Non-Executive Director fees of £43,000, (B) Senior Independent Non-Executive Director fees of £5,000, and (C) Chairman of Audit Committee fees of £7,000); (iii) to increase the annual fees of Ms Parnell, the Non-Executive Director and Chair of the Remuneration Committee to £50,000 gross per annum (consisting of (A) Non-Executive Director fees of £43,000, and (B) Chair of Remuneration Committee fees of £7,000); and (iv) to increase the annual fees of Mr Zehavi, the Non-Executive Director to £43,000 gross per annum. In addition, the Remuneration Committee and the Taptica Board have each recommended to approve the payment to Mr Weller of £100,000 for his special executive services and time commitment in connection with the Offer.

In accordance with Israeli law, these proposals are being presented for approval to the Taptica Shareholders at the Extraordinary General Meeting.

### **14. Buy Back Programme**

On 4 February 2019, Taptica announced that it is the intention of the Enlarged Group to launch a US\$15 million discretionary share buy back programme to purchase Taptica Shares in the market, commencing immediately following the completion of the Offer. The Enlarged Group will instruct finnCap to manage the buy back on its behalf during the period. A further announcement will be made shortly following the completion of the Offer to detail the launch of the share buy back programme.

## **15. Extraordinary General Meeting**

A notice convening a Extraordinary General Meeting of Taptica, to be held at 12.30 p.m. on 21 March 2019 at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD, is set out at the end of this Circular. A Form of Proxy or Form of Direction to be used in connection with the Extraordinary General Meeting is enclosed. The purpose of the Extraordinary General Meeting is to seek Shareholders' approval for the following eight Resolutions:

### ***Resolution 1:***

- To authorise the Taptica Directors pursuant to Article 10(c) of Taptica's Articles of Association to allot and issue, and to grant rights to subscribe for or convert any security into, Taptica Shares as if Article 10(b) of Taptica's Articles of Association did not apply to such allotment, issue and grant, provided that this authority shall be limited to the allotment of up to 68,343,888 New Taptica Shares with an aggregate nominal value of NIS 683,438.88 pursuant to the terms of the Offer to purchase the entire issued and to be issued share capital of RhythmOne, whether by way of a scheme of arrangement pursuant to Part 26 of the Companies Act or by way of contractual takeover offer, on the terms and subject to the conditions to be set out in the Scheme Document to be sent to the RhythmOne Shareholders and other securities holders, and, unless previously renewed, revoked, varied or extended, this authority will expire on the date on which all consideration due pursuant to the terms of the Offer shall have been satisfied and any potential or actual outstanding entitlements to such consideration due pursuant to the terms of any securities (including options and RSUs) outstanding over the share capital of RhythmOne at the date of the Offer shall have been satisfied or expired, lapsed or waived.

### ***Resolution 2:***

- To adopt the New Taptica Management Incentive Scheme, including an increase of the available pool of Taptica's 2017 Equity Incentive Plan by 11,772,932 Taptica Shares as part of the New Taptica Management Incentive Scheme.

### ***Resolution 3:***

- To approve (i) the grant of the CEO Incentive Awards to Mr Ofer Druker, the intended Chief Executive Officer of Taptica and the Enlarged Group and (ii) the CEO Remuneration Amendments.

### ***Resolution 4:***

- To approve the grant of the CFO Incentive Awards to Mr Yaniv Carmi, Taptica's Chief Financial Officer and the intended Chief Financial Officer of the Enlarged Group.

### ***Resolution 5:***

- To approve (i) an increase to the fees payable to Mr Tim Weller for his services as the Non-Executive Chairman of the Enlarged Group to £150,000 gross per annum effective upon the effectiveness of the Scheme, and (ii) a fee payment of £100,000 to Mr Weller for his special executive services and time commitment in connection with the Offer.

### ***Resolution 6:***

- To approve (i) the appointment of Mr Neil Jones as the Senior Independent Non-Executive Director of the Enlarged Group and (ii) an increase to the fees payable to £55,000 gross per annum effective upon the effectiveness of the Scheme for his services as Senior Independent Non-Executive Director and Chairman of the Audit Committee of the Enlarged Group (consisting of (A) Non-Executive Director fees of £43,000, (B) Senior Independent Non-Executive Director fees of £5,000, and (C) Chairman of Audit Committee fees of £7,000).

### ***Resolution 7:***

- To approve an increase to the fees payable to Ms Joanna Parnell to £50,000 gross per annum effective upon the effectiveness of the Scheme for her services as Non-Executive Director and Chair of the Remuneration Committee of the Enlarged Group (consisting of (A) Non-Executive Director fees of £43,000, and (B) Chair of Remuneration Committee fees of £7,000).

### **Resolution 8:**

- To approve an increase to the fees payable to Mr Ronni Zehavi to £43,000 gross per annum effective upon the effectiveness of the Scheme for his services as Non-Executive Director of the Enlarged Group.

If the Taptica Shareholders fail to approve and adopt the Transaction Resolutions, the Scheme will lapse.

### **16. Action to be taken**

You will find enclosed a Form of Proxy or Form of Direction for use at the Extraordinary General Meeting. If you hold your Taptica Shares in certificated form, whether or not you plan to attend the Extraordinary General Meeting, you are encouraged to complete the accompanying Form of Proxy and return it to Taptica's registrars, Link Market Services Limited, Proxies, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive by no later than 12.30 p.m. on 19 March 2019. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting, should they wish to do so.

If, however, you hold your Taptica Shares as Depository Interests, whether or not you plan to attend the Extraordinary General Meeting, you are encouraged to complete the accompanying Form of Direction and return it to the Depository, Link Market Services Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 12.30 p.m. on 18 March 2019. Depository Interest Holders will require a Letter of Representation in order to attend, speak or vote in person at the Extraordinary General Meeting. This may be requested from the Depository by no later than 72 hours prior to the start of the Extraordinary General Meeting or any adjournment thereof.

### **17. Further information**

Your attention is drawn to the further information contained in Parts 4 to 6 of this Circular. You are advised to read the whole of this Circular and not to rely solely on the information contained in this letter.

### **18. Recommendation and Irrevocable Undertakings and Letters of Intent**

**The Taptica Board believes the Offer and the Resolutions proposed at the Extraordinary General Meeting to be in the best interests of Taptica and Taptica Shareholders as a whole. Accordingly, the Taptica Board unanimously recommends that Shareholders vote in favour of each of the Resolutions to be proposed at the Extraordinary General Meeting.**

Mr Tim Weller, Mr Yaniv Carmi, Mr Neil Jones and Mr Ronni Zehavi (Taptica Directors who hold Taptica Shares) have irrevocably undertaken to vote in favour at the Extraordinary General Meeting in respect of their Taptica Shares, being in aggregate a total of 246,006 Taptica Shares, representing approximately 0.36 per cent. of the existing ordinary share capital of Taptica in issue on the Latest Practicable Date. The irrevocable undertakings referred to above will remain in full force and effect unless the Scheme Document is not despatched to RhythmOne Shareholders within twenty eight days (or such longer period as the Takeover Panel, being not more than six weeks) after the date of the Announcement.

Irrevocable undertakings have also been provided by each of Hagai Tal and Ehud Levy to vote in favour of the Transaction Resolutions at the Extraordinary General Meeting in respect of an aggregate total of 14,301,268 Taptica Shares, representing approximately 20.85 per cent. of the existing ordinary share capital of Taptica in issue on the Latest Practicable Date. The obligations of the two shareholders referred to above pursuant to such undertakings shall lapse if the Offer is withdrawn or lapses; the recommendation by the RhythmOne Directors of the Offer is withdrawn; or if the Scheme Document is not despatched to the RhythmOne Shareholders within twenty eight days (or such longer period as the Takeover Panel may agree, being not more than six weeks) after the date of the Announcement.

Furthermore, letters of intent have been received from Schrodgers Investment Management Limited and River and Mercantile Asset Management LLP to vote in favour of the Transaction Resolutions at the Extraordinary General Meeting in respect of a total of 17,401,723 Taptica Shares, representing approximately 25.37 per cent. of the existing ordinary share capital of Taptica in issue on the Latest Practicable Date.

**In aggregate, therefore, irrevocable undertakings and letters of intent to vote in favour of the Transaction Resolutions at the Extraordinary General Meeting have been received in respect of a total of 31,948,997 Taptica Shares, representing approximately 46.6 per cent. of the existing ordinary share capital of Taptica in issue on the Latest Practicable Date.**

Yours faithfully,

**Tim Weller**

*Non-Executive Chairman*



## PART 4

### ADDITIONAL INFORMATION

#### Responsibility Statement

The Taptica Directors, whose names are set out below, accept responsibility for the information contained in this Circular, other than for information relating to RhythmOne or expressions of intention or opinion of RhythmOne. To the best of the knowledge and belief of the Taptica Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in this Circular relating to RhythmOne, or statements of intention or opinion of RhythmOne, have been taken from the Announcement dated 4 February 2019 and the Taptica Directors do not accept any responsibility for that information.

#### Corporate Details and Directors

Taptica, whose registered number is 513956060, has its registered office at 121 Hahashmonaim Street, Tel Aviv 6713328, Israel. The business address of each director is that of Taptica's registered office.

The names of the directors of Taptica and their respective functions are as follows:

- Tim Weller, *Non-Executive Director and Chairman*
- Yaniv Carmi, *Chief Financial Officer*
- Neil Jones, *Senior Independent Non-Executive Director and Chairman of the Audit Committee*
- Joanna Parnell, *Non-Executive Director and Chair of the Remuneration Committee*
- Ronni Zehavi, *Non-Executive Director*

#### Market Quotations

The following table shows the closing price in respect of Taptica Shares on:

- the first business day in each of the six months immediately prior to the date of this Circular;
- 29 January 2019 (the last Business Day prior to Taptica's announcement of a possible offer pursuant to Rule 2.4 of the Code);
- 1 February 2019 (the last Business Day prior to the Announcement of the recommended all share offer); and
- 13 February 2019 (the Latest Practicable Date).

3 September 2018	330.0 pence
1 October 2018	367.5 pence
1 November 2018	302.5 pence
3 December 2018	305.0 pence
2 January 2019	158.0 pence
29 January 2019	167.5 pence
1 February 2019	198.0 pence
Latest Practicable Date (13 February 2019)	195.0 pence

## Taptica Directors Interests and Dealings

As at the Latest Practicable Date, the Taptica Directors, their close relatives and related trusts were interested in relevant securities of Taptica as follows:

	<i>Number of Shares</i>	<i>Number of Options/ RSUs</i>	<i>Percentage of Shares</i>
<i>Directors:</i>			
Tim Weller	94,630	–	*
Yaniv Carmi	110,000	250,000	*
Neil Jones	5,000	–	*
Joanna Parnell	–	–	–
Ronni Zehavi	36,376	–	*

\* Less than 1 per cent.

In the 12 months prior to publication of this Circular, there have been no dealings for value in Taptica Shares by any of the Taptica Directors, their close relatives and related trusts, except as set forth below:

- On 26 March 2018, Mr Tim Weller, the Chairman and Non-Executive Director of Taptica, purchased 5,634 Taptica Shares at a price of 354.75 pence per share.
- On 3 April 2018, Mr Yaniv Carmi, the Chief Financial Officer and Executive Director of Taptica, purchased 15,428 Taptica Shares at a price of 300 pence per share.
- On 23 April 2018, Mr Tim Weller, the Chairman and Non-Executive Director of Taptica, purchased 7,298 Taptica Shares at a price of 273.7 pence per share.
- On 31 May 2018, Mr Neil Jones, a Non-Executive Director of Taptica, purchased 1,733 Taptica Shares at a price of 305.95 pence per share.
- On 18 January 2019, Taptica allotted 4,933 Taptica Shares to Ronni Zehavi, a Non-Executive Director of Taptica, to satisfy Mr Zehavi's pre-approved director's fees for the three-month periods ended 20 November 2017, 20 February 2018 and 20 May 2018 respectively. The Taptica Shares were issued at a price based on the closing share price of the Taptica Shares in the trailing 30 days up to each period end on AIM.

## Irrevocable Undertakings and Letters of Intent

*Irrevocable undertakings.* The following holders or controllers of Taptica Shares have, on the basis set out below, given irrevocable undertakings to vote (or procure the vote) in favour of the Transaction Resolutions at the Extraordinary General Meeting:

	<i>Number of Shares</i>	<i>Percentage of Shares</i>
Eitan Epstein and Shirley Dahan Trust on Behalf of MTD PTE Ltd. (Shares held in trust on behalf of Mr Hagai Tal)	9,501,259	13.85
Smart and Simple Ltd. (Shares held in trust on behalf of Ehud Levy)	4,800,009	7.00
Yaniv Carmi	110,000	0.16
Tim Weller	94,630	0.14
Ronni Zehavi	36,376	0.05
Neil Jones	5,000	0.01
<b>Total</b>	<b>14,547,274</b>	<b>21.21</b>

All the irrevocable undertakings referred to above will lapse if:

- the Scheme or any Takeover Offer lapses or is withdrawn; or
- the Scheme Document (or offer document, in the case of a Takeover Offer) is not despatched to RhythmOne Shareholders within 28 days (or such longer period as the Takeover Panel may agree, being not more than six (6) weeks) after the date of the Announcement.

Letters of intent.

	<i>Number of Shares</i>	<i>Percentage of Shares</i>
Schroders Investment Management Limited	11,538,522	16.82
River & Mercantile Asset Management LLP	5,863,201	8.55
<b>Total</b>	<b>17,401,723</b>	<b>25.37</b>

### **Interests in RhythmOne Shares**

As at the close of business on the Latest Practicable Date, neither Taptica nor any of the Taptica Directors nor, so far as the Taptica Directors are aware, any person acting, or deemed to be acting, in concert with Taptica:

- had an interest in, or right to subscribe for, relevant securities of RhythmOne;
- had any short position in (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, relevant securities of RhythmOne; or
- had borrowed or lent any RhythmOne Shares.

Furthermore, no arrangement exists with Taptica or any person acting in concert with Taptica in relation to RhythmOne Shares.

### **Interests in Taptica Shares<sup>10</sup>**

As at the close of business on the Latest Practicable Date, neither RhythmOne nor any of the RhythmOne Directors nor, so far as the RhythmOne Directors are aware, any person acting, or deemed to be acting, in concert with RhythmOne:

- had an interest in, or right to subscribe for, relevant securities of Taptica;
- had any short position in (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, relevant securities of Taptica; or
- had borrowed or lent any Taptica Shares.

Furthermore, no arrangement exists with RhythmOne or any person acting in concert with RhythmOne in relation to Taptica Shares.

### **Arrangements with Directors**

Except for the New Taptica Management Incentive Scheme in which Mr Druker and Mr Carmi will participate as described in paragraph 12 of Part 3 of this Circular, none of Taptica's Directors are entitled to any special or different rights in connection with the Offer or as a result of the Scheme becoming effective. The Enlarged Group Board will be made up of Taptica's existing board members, with the addition of Ofer Druker as Chief Executive Officer.

### **Sources and Bases of Information**

In this Circular, unless otherwise stated, or the context otherwise requires, the following bases and sources have been used:

- The financial information on RhythmOne has been extracted from the annual report and accounts of RhythmOne for the year ended 31 March 2018 and the interim results of RhythmOne for the six months ended 30 September 2018, save for the net cash for 30 November, which is extracted from the management accounts.

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<sup>10</sup> The information in this section has been extracted from the Announcement without amendment.

- The financial information on Taptica has been extracted from the annual report and accounts of Taptica for the year ended 31 December 2017 and the interim results of Taptica for the six months ended 30 June 2018.
- All prices quoted for RhythmOne Shares are closing middle market prices and are derived from the AIM appendix to the Daily Official List for the particular date(s) concerned.
- All prices quoted for Taptica Shares are closing middle market prices and are derived from the AIM appendix to the Daily Official List for the particular date(s) concerned.
- All information relating to RhythmOne and Taptica has been provided by persons duly authorised by the RhythmOne Board and Taptica Board respectively.

#### **Documents available for inspection**

Copies of the following documents will be made available on RhythmOne's and Taptica's websites at [www.rhythmone.com](http://www.rhythmone.com) and [www.tapticainternational.com](http://www.tapticainternational.com) respectively until the end of the Offer Period:

- this Circular and the Form of Proxy and Form of Direction;
- the Announcement;
- the irrevocable undertakings and letters of intent referred to in Part 3;
- the Confidentiality Agreement;
- the Co-operation Agreement;
- Taptica's Articles of Association; and.
- each of the documents incorporated by reference as set forth in this Circular.

Once posted, the Scheme Document and any other related documents will also be made available on RhythmOne's and Taptica's websites at [www.rhythmone.com](http://www.rhythmone.com) and [www.tapticainternational.com](http://www.tapticainternational.com) respectively until the end of the Offer Period.

Dated: 14 February 2019

## PART 5

### DEFINITIONS

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

<b>“Admission”</b>	admission of the New Taptica Shares to trading on AIM;
<b>“AIM”</b>	the AIM market operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time;
<b>“Announcement”</b>	the announcement of the recommended offer released on 4 February 2019;
<b>“Business Day”</b>	a day, not being a Saturday, Sunday or public holiday, on which the clearing banks in London are open for business;
<b>“CEO Incentive Awards”</b>	the incentive awards for Mr Druker, as described in paragraph 12 of Part 3 of this Circular, which are to be voted on at the Extraordinary General Meeting;
<b>“CEO Remuneration Amendments”</b>	the amendments to the remuneration of Mr Druker, as described in paragraph 12 of Part 3 of this Circular, which are to be voted on at the Extraordinary General Meeting;
<b>“CFO Incentive Awards”</b>	the incentive awards for Mr Carmi, as described in paragraph 12 of Part 3 of this Circular, which are to be voted on at the Extraordinary General Meeting;
<b>“certificated” or “in certificated form”</b>	recorded on the relevant register of the share or other security as being held in certificated form (that is, not in CREST);
<b>“Circular”</b>	this document;
<b>“Closing Price”</b>	the middle market price of a RhythmOne Share at the close of business on the day to which such price relates, as derived from the AIM appendix to the Daily Official List;
<b>“Companies Act”</b>	the UK Companies Act 2006, as amended;
<b>“Conditions”</b>	the conditions to the Offer (including the Scheme), as set out in Appendix I (Conditions to the implementation, and further terms, of the Scheme and the Offer) of the Announcement and in Part 3 of this Circular;
<b>“Confidentiality Agreement”</b>	the confidentiality and non-disclosure agreement entered into by Taptica and RhythmOne, further details entered of which are contained in Part 3 of this Circular;
<b>“Co-operation Agreement”</b>	the co-operation agreement entered into by Taptica and RhythmOne, further details of which are contained in Part 3 of this Circular;
<b>“Court”</b>	the High Court of Justice of England and Wales;
<b>“Court Hearing”</b>	the hearing (or any adjournment thereof) at which the Court Order is made;

<b>“Court Meeting”</b>	the meeting(s) of Scheme Shareholders convened with the permission of the Court pursuant to Part 26 of the Companies Act, notice of which will be set out in the Scheme Document, to consider, and, if thought fit, approve the Scheme (with or without modification) including any adjournment, postponement or reconvention thereof;
<b>“Court Order”</b>	the order(s) of the Court sanctioning the Scheme under Part 26 of the Companies Act;
<b>“CREST”</b>	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations);
<b>“CREST Manual”</b>	the Crest manual referred to in the agreements entered into with Euroclear;
<b>“Daily Official List”</b>	the Daily Official List published by the London Stock Exchange;
<b>“Depository”</b>	Link Market Services Trustees Limited;
<b>“Depository Interests”</b>	uncertified depository interests issued by the Depository and representing New Taptica Shares;
<b>“DI holders”</b>	holders of Taptica Depository Interests;
<b>“Enlarged Group”</b>	the combined businesses of the Taptica Group and the RhythmOne Group following the completion of the Offer;
<b>“Enlarged Taptica Share Capital”</b>	the existing Taptica Shares and the New Taptica Shares;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Extraordinary General Meeting”</b>	the extraordinary general meeting of the Shareholders to be held at 12.30 p.m. on 21 March 2019 at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD, notice of which is set out in Part 6 of this Circular (including any adjournment thereof);
<b>“Financial Conduct Authority”</b>	the Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of the FSMA;
<b>“finnCap”</b>	finnCap Ltd, financial adviser, nominated advisor and broker to Taptica;
<b>“Form of Direction”</b>	the form of direction for use at the Extraordinary General Meeting, which accompanies this Circular;
<b>“Form of Proxy”</b>	the form of proxy for use at the Extraordinary General Meeting, which accompanies this Circular;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended;
<b>“Israel”</b>	the State of Israel;
<b>“Israel Companies Law”</b>	the Israel Companies Law, 5759-1999;
<b>“Latest Practicable Date”</b>	13 February 2019 (being the latest practicable date prior to the release of this Circular);
<b>“London Stock Exchange”</b>	London Stock Exchange plc, or any successor body thereto;

<b>“Long Stop Date”</b>	30 April 2019;
<b>“New Awards”</b>	a New Taptica Management Incentive Scheme, which will comprise options or RSUs over 11,772,932 Taptica Shares which equates to 8 per cent of the fully diluted share capital of the Enlarged Group, should the Offer be completed;
<b>“New Taptica Management Incentive Scheme”</b>	the new compensation arrangements for managers of the Enlarged Group which are to be voted on at the Extraordinary General Meeting;
<b>“New Taptica Shares”</b>	the new Taptica Shares to be issued pursuant to the Scheme;
<b>“Notice of Extraordinary General Meeting”</b>	the Notice of Extraordinary General Meeting set out in Part 6 of this Circular;
<b>“Offer”</b>	the proposed offer by Taptica for the entire issued and to be issued ordinary share capital of RhythmOne to be effected by means of the Scheme and, where the context admits, any subsequent variation, revision, extension or renewal thereof;
<b>“Offer Period”</b>	the offer period (as defined by the Takeover Code) relating to RhythmOne, commencing on 29 January 2019;
<b>“Overseas Shareholders”</b>	RhythmOne Shareholders with registered addresses outside the United Kingdom or who are not resident in, nationals or citizens of, the United Kingdom;
<b>“Registrar of Companies”</b>	the Registrar of Companies within the meaning of the Companies Act;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755), as amended from time to time;
<b>“Regulatory Information Service”</b>	has the same meaning as defined in the AIM Rules;
<b>“Resolutions”</b>	the resolutions to be proposed at the Extraordinary General Meeting;
<b>“Restricted Jurisdiction”</b>	any jurisdiction where extension or acceptance of the Offer would violate the law of that jurisdiction;
<b>“RhythmOne”</b>	RhythmOne Plc, a company incorporated in England and Wales under the Companies Act with registered number 06223359 and whose registered office is at 65 Gresham Street, 6th Floor, London EC2V 7NQ, United Kingdom;
<b>“RhythmOne Board” or “RhythmOne Directors”</b>	the board of directors of RhythmOne, and “RhythmOne Director” means any member of the RhythmOne Board;
<b>“RhythmOne Equity Incentive Plans”</b>	together, the RhythmOne 2017 International Equity Incentive Plan, the RhythmOne US Share Option Plan and the RhythmOne Equity Incentive Rollover Plan;
<b>“RhythmOne General Meeting”</b>	the general meeting of RhythmOne Shareholders (and any adjournment thereof) convened in connection with the Scheme;
<b>“RhythmOne Option”</b>	849,325 options over a RhythmOne Share awarded pursuant to the RhythmOne Equity Incentive Plans;

<b>“RhythmOne Resolutions”</b>	the resolutions to be proposed at the RhythmOne General Meeting to approve various matters for the purposes of, and in connection with, the Scheme;
<b>“RhythmOne RSU”</b>	1,058,776 restricted stock units over RhythmOne Shares awarded pursuant to the RhythmOne 2017 International Equity Incentive Plan;
<b>“RhythmOne Share Scheme Participants”</b>	holders of RhythmOne Options and/or RhythmOne RSUs;
<b>“RhythmOne Shareholders”</b>	holders of RhythmOne Shares;
<b>“RhythmOne Shares”</b>	ordinary shares of 10 pence each in the capital of RhythmOne;
<b>“Scheme”</b> or <b>“Scheme of Arrangement”</b>	the proposed scheme of arrangement under Part 26 of the Companies Act, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Taptica and RhythmOne, the full terms of which will be set out in the Scheme Document;
<b>“Scheme Document”</b>	the document to be sent to RhythmOne Shareholders, containing and setting out the Scheme, the notices convening the Court Meeting, the General Meeting and the further particulars required by Part 26 of the Companies Act;
<b>“Scheme Effective Date”</b>	the date on which the Scheme becomes effective in accordance with its terms;
<b>“Scheme Voting Record Time”</b>	the date and time specified in the Scheme Document by reference to which entitlement to vote at the Court meeting will be determined, expected to be 6.00 p.m. on the date which is two Business Days before the Court Meeting of, if the Court meeting is adjourned by more than 48 hours, 6.00 p.m. on the day which is two Business Days before such adjourned meetings;
<b>“Scheme Shareholders”</b>	the holders of the Scheme Shares;
<b>“Scheme Shares”</b>	all RhythmOne Shares: <ul style="list-style-type: none"> <li>● in issue at 6.00 p.m. on the date of the Scheme Document;</li> <li>● (if any) issued after 6.00 p.m. on the date of the Scheme Document and before the Scheme Voting Record Time; and</li> <li>● (if any) issued on or after the Scheme Voting Record Time and on or before the Scheme Record Time, in respect of which the original or any subsequent holders of such shares shall be bound by the Scheme, or in respect of which the original or any subsequent holders of such shares are, or shall have agreed in writing to be, bound by the Scheme;</li> </ul> <p>excluding any RhythmOne Shares registered in the name of or beneficially owned by any member of the Wider Taptica Group;</p>
<b>“SEC”</b>	the US Securities and Exchange Commission;
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers issued by the Takeover Panel;



<b>“Takeover Offer”</b>	should Taptica elect to attempt to implement the Offer by way of a takeover offer (as that term is defined in the Companies Act), the offer to be made by Taptica to acquire all of the issued and to be issued RhythmOne Shares and, where the context admits, any subsequent revisions, variations, extension or renewal of such offer;
<b>“Takeover Panel”</b>	the Takeover Panel on Takeovers and Mergers;
<b>“Taptica”</b>	Taptica International Limited, a company incorporated in Israel under the Israel Companies Law with registered number 513956060 and whose registered office is at 121 Hahashmonaim Street, Tel Aviv 6713328, Israel;
<b>“Taptica Depository Interests”</b> or <b>“Dis”</b>	interests which represent the Taptica Shares (which are held by the Depository in exchange for the issue of a dematerialised depository interest representing the Taptica Shares and which are held on trust for the holders of such interests) and are tradable through CREST;
<b>“Taptica Options”</b>	8,901,772 existing allocated Taptica options
<b>“Taptica RSUs”</b>	883,750 existing Taptica RSUs
<b>“Taptica Board”</b> or <b>“Taptica Directors”</b>	the board of directors of Taptica, and “Taptica Director” means any member of the Taptica Board;
<b>“Taptica Group”</b>	Taptica, its subsidiaries, any holding company of Taptica (intermediate or otherwise) and their subsidiary undertakings from time to time, or any of them as the context requires;
<b>“Taptica Shareholders”</b>	holders of Taptica Shares;
<b>“Taptica Shares”</b>	ordinary shares of NIS 0.01 each in the capital of Taptica;
<b>“Transaction Resolutions”</b>	together, Resolutions 1, 2, 3 and 4 to be proposed at the Extraordinary General Meeting;
<b>“uncertificated”</b> or <b>“uncertificated form”</b>	recorded on the relevant register of the share or security concerned as being held in uncertificated form (that is, in CREST), and title to which, by virtue of the Regulations, may be transferred by means of CREST;
<b>“United Kingdom”</b> or <b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States”</b> or <b>“US”</b>	the United States of America, its territories and possessions, the District of Columbia, and all other areas subject to its jurisdiction;
<b>“US\$”</b>	the United States dollar, the lawful currency of the United States;
<b>“Voting Record Time”</b>	6.00 p.m. on 21 February 2019, the time and date set by the Taptica Board as the record time and date for determining the Shareholders entitled to vote at the Extraordinary General Meeting; and
<b>“Wider Taptica Group”</b>	Taptica and its subsidiary undertakings, associated undertakings and any other undertaking in which Taptica and/or such undertakings (aggregating their interests) have a direct or indirect interest in 10 per cent. or more of the equity share capital.

## PART 6



### NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Taptica International Ltd. (the “**Company**” or “**Taptica**”) will be held at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD, on 21 March 2019, at 12.30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions (all capitalised terms are as defined in the Shareholder Circular dated 14 February 2019 and accompanying this Notice of Extraordinary General Meeting):

#### **Resolution 1:**

- To authorise the Taptica Directors pursuant to Article 10(c) of Taptica’s Articles of Association to allot and issue, and to grant rights to subscribe for or convert any security into, Taptica Shares as if Article 10(b) of Taptica’s Articles of Association did not apply to such allotment, issue and grant, provided that this authority shall be limited to the allotment of up to 68,343,888 New Taptica Shares with an aggregate nominal value of NIS 683,438.88 pursuant to the terms of the Offer to purchase the entire issued and to be issued share capital of RhythmOne, whether by way of a scheme of arrangement pursuant to Part 26 of the Companies Act or by way of contractual takeover offer, on the terms and subject to the conditions to be set out in the Scheme Document to be sent to the RhythmOne Shareholders and other securities holders, and, unless previously renewed, revoked, varied or extended, this authority will expire on the date on which all consideration due pursuant to the terms of the Offer shall have been satisfied and any potential or actual outstanding entitlements to such consideration due pursuant to the terms of any securities (including options and RSUs) outstanding over the share capital of RhythmOne at the date of the Offer shall have been satisfied or expired, lapsed or waived.

#### **Resolution 2:**

- To adopt the New Taptica Management Incentive Scheme, including an increase of the available pool of Taptica’s 2017 Equity Incentive Plan by 11,772,932 Taptica Shares as part of the New Taptica Management Incentive Scheme.

#### **Resolution 3:**

- To approve (i) the grant of the CEO Incentive Awards to Mr Ofer Druker, the intended Chief Executive Officer of Taptica and the Enlarged Group and (ii) the CEO Remuneration Amendments.

#### **Resolution 4:**

- To approve the grant of the CFO Incentive Awards to Mr Yaniv Carmi, the Company’s Chief Financial Officer and the intended Chief Financial Officer of the Enlarged Group.

#### **Resolution 5:**

- To approve (i) an increase to the fees payable to Mr Tim Weller for his services as the Non-Executive Chairman of the Enlarged Group to £150,000 gross per annum effective upon the effectiveness of the Scheme, and (ii) a fee payment of £100,000 to Mr Weller for his special executive services and time commitment in connection with the Offer.

#### **Resolution 6:**

- To approve (i) the appointment of Mr Neil Jones as the Senior Independent Non-Executive Director of the Enlarged Group and (ii) an increase to the fees payable to £55,000 gross per annum effective upon the effectiveness of the Scheme for his services as Senior Independent Non-Executive Director and Chairman of the Audit Committee of the Enlarged Group (consisting of (A) Non-Executive Director fees of £43,000, (B) Senior Independent Non-Executive Director fees of £5,000, and (C) Chairman of Audit Committee fees of £7,000).

**Resolution 7:**

- To approve an increase to the fees payable to Ms Joanna Parnell to £50,000 gross per annum effective upon the effectiveness of the Scheme for her services as Non-Executive Director and Chair of the Remuneration Committee of the Enlarged Group (consisting of (A) Non-Executive Director fees of £43,000, and (B) Chair of Remuneration Committee fees of £7,000).

**Resolution 8:**

- To approve an increase to the fees payable to Mr Ronni Zehavi to £43,000 gross per annum effective upon the effectiveness of the Scheme for his services as Non-Executive Director of the Enlarged Group.

By order of the Board of Directors

**Tim Weller**

*Chairman of the Board*

**Yaniv Carmi**

*Company Secretary*

14 February 2019

*Registered Office:*

121 Hahashmonaim Street  
Tel Aviv 6713328  
Israel

Registered in Israel number 513956060

Notes:

1. Holders of depository interests in respect of ordinary shares ("**DI holder**") may only appoint Link Market Services Trustees Limited (the "**Depository**") as their proxy. DI holders wishing to attend, speak and vote at the meeting should contact the Depository to request a Letter of Representation and this instruction is covered off in the notes on the Form of Direction.
2. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Link Market Services Limited on +44 (0) 871 664 0300. All forms must be signed and should be returned together in the same envelope.
3. To be valid, any Form of Proxy or other instrument appointing a proxy and any power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must be received by post or (during normal business hours only) by hand at Link Market Services Limited, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 12.30 p.m. on 19 March 2019.
4. In the case of DI holders, a Form of Direction must be completed in order to appoint the Depository whose registered office is at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU to vote on the holder's behalf at the meeting. To be effective, a completed and signed Form of Direction must be deposited at Link Market Services Limited no later than 12.30 p.m. on 18 March 2019.
5. The return of a completed Form of Proxy, Form of Direction, or other such instrument or any CREST Proxy Instruction (as described in paragraph 11 below) will not prevent a shareholder or DI holder attending the Extraordinary General Meeting and voting in person if he/she wishes to do so.
6. Pursuant to the Israel Companies Law, to be entitled to attend and vote at the Extraordinary General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of the Company at 6.00 p.m. on 21 February 2019. Changes to the Company's register after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Extraordinary General Meeting.
7. The quorum for the Extraordinary General Meeting shall be two or more shareholders present in person or by proxy and holding shares conferring in the aggregate 25 per cent of the voting power of the Company. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be adjourned to the same day in the next week, at the same time and place, or to such day and at such time and place as the Chairman may determine.
8. Any shareholder attending the Extraordinary General Meeting is entitled pursuant to the Israel Companies Law to ask any question relating to the business being dealt with at the meeting. The Company will answer any such questions unless (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; or (ii) the answer has already been given on a website in the form of any answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

9. As at 13 February 2019, the Company's issued share capital consisted of 68,639,235 ordinary shares, along with 8,143,337 shares reclassified as dormant shares under the Israel Companies Law (without any rights attached thereon), which the Company holds in Treasury. Therefore, the total voting rights in the Company as at 13 February 2019 were 68,639,235.
10. The Board recommends that shareholders vote in favour of all items in the Notice.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with CRESTCo's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to an instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent ID (RA10) by 12.30 p.m. on 18 March 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
15. Pursuant to the Israel Companies Law:
  - The approval of Resolution 1 requires the affirmative vote of the holders of 75 per cent. of the voting power represented and voting on the resolution in person or by proxy.
  - The approval of Resolution 3 requires the affirmative vote of the holders of a majority of the voting power represented and voting on the Resolution in person or by proxy. In addition, the shareholders' approval must either include at least a majority of the Taptica Shares voted by Taptica Shareholders and DI holders who are not controlling shareholders (as defined in the Israel Companies Law) of Taptica nor are they shareholders who have a personal interest (as defined in the Israel Companies Law) in the adoption of Resolution 3, or the total ordinary shares of non-controlling shareholders and non-interested shareholders voted against this Resolution must not represent more than two per cent of the outstanding Taptica Shares. For this purpose, you are asked to indicate in the Form of Proxy and Form of Direction, as applicable, whether you are a controlling shareholder or have a personal interest in Resolution 3.
  - The approval of each of Resolutions 2, 4, 5, 6, 7 and 8 requires the affirmative vote of the holders of a majority of the voting power represented and voting on the resolution in person or by proxy.
16. Copies of the following documents will be made available on RhythmOne's and Taptica's websites at [www.rhythmone.com](http://www.rhythmone.com) and [www.tapticainternational.com](http://www.tapticainternational.com) respectively until the date of the Extraordinary General Meeting. There will also be available for inspection at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this Notice until the date of the Extraordinary General Meeting and at the place of the Extraordinary General Meeting for at least 15 minutes prior to the meeting and during the meeting, copies of the following documents:
  - the Circular and the Form of Proxy and Form of Direction;
  - the Announcement;
  - the irrevocable undertakings and letters of intent referred to in Part 3;
  - the Confidentiality Agreement;
  - the Co-operation Agreement;
  - Taptica's Articles of Association; and
  - each of the documents incorporated by reference as set forth in this Circular.

Once posted, the Scheme Document and any other related documents will also be made available on RhythmOne's and Taptica's websites at [www.rhythmone.com](http://www.rhythmone.com) and [www.tapticainternational.com](http://www.tapticainternational.com) respectively until the date of the Extraordinary General Meeting.

