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If you have sold or transferred all of your Existing Ordinary Shares, please send this document to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred part of your holding, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

THE WHOLE TEXT OF THIS DOCUMENT SHOULD BE READ. YOU SHOULD BE AWARE THAT AN INVESTMENT IN THE COMPANY IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. IN PARTICULAR YOUR ATTENTION IS DRAWN TO THE SECTION ENTITLED "RISK FACTORS" SET OUT IN PART IV OF THIS DOCUMENT WHICH SETS OUT CERTAIN RISK FACTORS RELATING TO ANY INVESTMENT IN SEC SHARES.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The AIM Rules for Companies are less demanding than the listing rules of the UK Listing Authority. No application is being made for admission of the Enlarged Share Capital to the Official List of the UK Listing Authority nor any other recognised investment exchange.

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

SEC S.p.A (the "Company"), the Existing Directors and the Proposed Directors, whose names, addresses and functions appear on page 13 of this document, accept responsibility, individually and collectively, for the information contained in this document and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company, the Existing Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as of any time subsequent to the date of this document.

This document comprises an admission document in relation to AIM, a market operated by the London Stock Exchange. This document has been prepared in accordance with the AIM Rules for Companies in connection with an application for admission to trading on AIM of the issued and to be issued Ordinary Shares in the capital of the Company. The Existing Ordinary Shares are admitted to trading on AIM and application will be made in accordance with the AIM Rules for Companies for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on or around 4 September 2019.

This document does not constitute an offer to the public and does not comprise a prospectus, and accordingly has not been prepared in accordance with the Prospectus Rules nor has it been approved by, or filed with, the Financial Conduct Authority.

SEC S.p.A. (to be renamed SEC Newgate S.p.A.)

(Incorporated under the laws of Italy and registered in Italy with registered number 09628510159)

Proposed issue of up to 10,748,374 SEC Shares in connection with the recommended all-share merger of SEC S.p.A. and Porta Communications Plc to be implemented by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006 and the associated Conversion Shares Exchange

Application for Admission of the Enlarged Share Capital to trading on AIM

**Nominated Adviser and Broker
Arden Partners plc**



Arden Partners plc ("Arden Partners"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and broker to the Company in connection with the Merger, the Conversion Shares Exchange and the proposed admission of the Enlarged Share Capital to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Existing Director or Proposed Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. Arden Partners is not acting for anyone else and will

not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the Merger, the Conversion Share Exchange, the contents of this document or the admission of the Enlarged Share Capital to trading on AIM. **No representation or warranty, express or implied, is made by Arden Partners as to the contents of this document, without limiting the statutory rights of any person to whom this document is issued. Arden Partners will not be offering advice, nor will they otherwise be responsible for providing customer protections to recipients of this document or for advising them on the contents of this document or any other matter. The information contained in this document is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares in the capital of the Company (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.**

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

The Ordinary Shares in the capital of the Company have not been and will not be registered under the US Securities Act of 1933, as amended (US Securities Act), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of Australia, Canada, Japan or the Republic of South Africa, or any province or territory thereof. Subject to certain exceptions, the Ordinary Shares in the capital of the Company may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly, and this document may not be distributed by any means including electronic transmission within, into, in or from the United States, Australia, Canada, Japan, or the Republic of South Africa or to or for the account of any national, resident or citizen of the United States or any person resident in Australia, Canada, Japan or the Republic of South Africa. The Ordinary Shares in the capital of the Company may only be offered or sold in offshore transactions as defined in and in accordance with Regulation S promulgated under the US Securities Act. Acquirers of Ordinary Shares in the capital of the Company may not offer to sell, pledge or otherwise transfer such shares in the United States, or to any US Person as defined in Regulation S under the US Securities Act, including resident corporations, or other entities organised under the laws of the United States, or non-US branches or agencies of such corporations unless such offer, sale, pledge or transfer is registered under the US Securities Act, or an exemption from registration is available. The Company does not currently plan to register the Ordinary Shares in the capital of the Company under the US Securities Act.

Forward looking statements

Certain information contained in this document, including any information about the Combined Group's strategy, plans or future financial or operating performance, constitutes "forward looking statements" and is based on current expectations, estimates and projections about the potential returns of the Combined Group and the industry and markets in which the Combined Group will operate as well as the beliefs and assumptions made by the Existing Directors and the Proposed Directors. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These forward looking statements include all matters that are not historical fact. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Existing Directors and the Proposed Directors concerning, amongst other things, the Combined Group's business, results of operations, financial condition, prospects, growth, strategies and the industry in which it operates. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the results of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment. The forward looking statements contained in this document speak only as of the date of this document. The Company, the Existing Directors, the Proposed Directors and Arden Partners expressly disclaim any obligation or undertaking to update or revise publicly any forward looking statement, whether as a result of new information, future events or otherwise, unless required to do so by applicable law or the AIM Rules for Companies. All subsequent written and oral forward-looking statements attributable to the Combined Group or individuals acting on behalf of it are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

Important Notice

Statements made in this document are based on the laws and practices in force in England and Wales on the date of this document and are subject to change. This document does not constitute an offer to sell, or the solicitation of an offer to acquire, Ordinary Shares in the capital of the Company in any jurisdiction where such an offer or solicitation is unlawful and is not for distribution in any jurisdiction in which such distribution is unlawful.

This document should be read in its entirety before making any investment in Ordinary Shares in the capital of the Company.

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

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

An electronic version of this document may also be downloaded from the Company's website at www.secglobal.com/investors/proposed-merger-with-porta/.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS	4
ADMISSION STATISTICS	5
DEFINITIONS	6
DIRECTORS, SECRETARY AND ADVISERS	13
PART I INFORMATION ON THE MERGER, THE PROPOSALS AND THE COMPANY	15
PART II INFORMATION ON THE EXISTING GROUP	34
PART III INFORMATION ON PORTA	40
PART IV RISK FACTORS	44
PART V HISTORICAL FINANCIAL INFORMATION ON SEC	50
PART VI HISTORICAL FINANCIAL INFORMATION ON PORTA	51
PART VII UNAUDITED <i>PRO FORMA</i> STATEMENT OF THE FINANCIAL POSITION OF THE COMBINED GROUP	52
PART VIII ADDITIONAL INFORMATION	55

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Merger Announcement released	11 June 2019
Date of the SEC General Meeting	22 July 2019
Date of the Porta Meetings	29 July 2019
Court Hearing to sanction the Scheme	2 September 2019
Effective Date	3 September 2019
Admission expected to become effective and dealings expected to commence in the Enlarged Share Capital on AIM	8.00 a.m. on 4 September 2019
Settlement of entitlements to SEC CDIs through CREST (in respect of Scheme Shares held in uncertificated form) and crediting of SEC CDIs to Corporate Nominee Facility accounts (in respect of Scheme Shares held in certificated form)	Within 14 days of the Effective Date

Notes:

1. Unless otherwise stated, all references to time in this document and in the above timetable are to the time in London, United Kingdom.
2. These times and dates are indicative only and will depend, among other things, on the date on which the Conditions are satisfied or, if capable of waiver, waived and therefore the date on which the Court sanctions the Scheme. The timetable is also dependent on when the Court Order sanctioning the Scheme is delivered to the Registrar of Companies. If any of the details contained in the timetable above should change, the revised times and dates will be notified to SEC Shareholders by means of an announcement through a Regulatory Information Service.
3. Events listed in the timetable above are conditional upon, amongst other things, the passing at the SEC General Meeting of the SEC Resolutions.

ADMISSION STATISTICS

Number of Existing Ordinary Shares	13,502,533
Number of SEC Shares to be issued pursuant to the Scheme	4,755,162
Number of SEC Shares to be issued pursuant to the Conversion Shares Undertaking	5,993,212
Total number of New Ordinary Shares in issue on Admission	24,250,907
Expected market capitalisation of the Combined Group on Admission*	£18.2 million
Percentage of the Enlarged Share Capital represented by the Existing Ordinary Shares	55.68 per cent.
Percentage of the Enlarged Share Capital represented by the SEC Shares to be issued pursuant to the Scheme	19.61 per cent.
Percentage of Enlarged Share Capital represented by the SEC Shares to be issued pursuant to the Conversion Shares Undertaking	24.71 per cent.
ISIN Code	IT0005200453
SEDOL Code	BDHFR74
TIDM	SECG

* Based on the closing price per SEC Share of £0.75 on 3 July 2019 being the latest practicable date prior to the date of this document and the expected Enlarged Share Capital assuming that 4,755,162 New SEC Shares are issued pursuant to the Merger and 5,993,212 Offeror Exchange Shares are issued to RGL.

DEFINITIONS

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

“Act” or “Companies Act”	the Companies Act 2006 (as amended from time to time)
“Adjusted EBITDA”	EBITDA adjusted to exclude acquisition and reorganisation costs, non-recurring property costs, exceptional legal and consultancy costs, share based payments, security impairment, revaluation of contingent consideration and provision of vendor loan guarantee
“Admission”	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies
“Admission Document”	this document, published by SEC in connection with the Merger, the Conversion Shares Exchange and for the purposes of Admission
“AGM”	annual general meeting
“AIM”	the AIM Market of the London Stock Exchange
“AIM Rules for Companies”	the rules applicable to companies governing their admission to AIM, and following admission their continuing obligations to AIM, as set out in the AIM Rules for Companies published by the London Stock Exchange from time to time
“Arden”	Arden Partners plc, incorporated in England and Wales with registered number 04427253
“Articles”	means the bylaws of the Company in force from time to time
“Board”	the board of directors of the Company from time to time
“Business Day”	a day (excluding Saturdays, Sundays and public or bank holidays) on which banks are open for business in London
“CDI”	a CREST depositary interest issued by CREST Depositary Limited (a subsidiary of Euroclear) whereby CREST Depositary Limited will hold overseas securities on trust for the CREST member to whom it has issued a depositary interest
“certificated” or in “certificated form”	where a share or other security is not in uncertificated form (that is, not in CREST)
“CLAI”	CLAI société par actions simplifiée
“Closing Price(s)”	the closing middle market quotation of a share as derived from the Daily Official List
“Code” or “Takeover Code”	the City Code on Takeovers and Mergers as issued from time to time by or on behalf of the Panel
“Combined Group”	the combined group immediately following the completion of the Merger, comprising the Existing Group and the Porta Group
“Conditions”	the conditions to the Merger (including the Scheme) which are set out in the Scheme Document and “Condition” means such one or more of them as the context may require
“Consideration”	the consideration payable to Scheme Shareholders by SEC pursuant to the terms of Scheme
“CONSOB”	the Italian Markets Authority
“Conversion Shares”	530,372,743 Porta Shares to be allotted to RGL by Porta in connection with the RGL Debt Conversion

“Conversion Shares Exchange”	the sale and purchase of the Conversion Shares by RGL to SEC in accordance with the provisions of the New Articles and the Conversion Shares Undertaking
“Conversion Shares Undertaking”	the undertaking given by SEC in favour of RGL in respect of the sale and purchase of the Conversion Shares by RGL in exchange for the allotment of the Offeror Exchange Shares, a summary of which is set out in paragraph 11.1.1.4 of Part VIII of this document
“Convertible Loan Agreement”	the convertible loan agreement entered into between RGL and Porta, dated 10 April 2019, a summary of which is set out in paragraph 11.1.2.3 of Part VIII of this document
“Corporate Nominee Facility”	the nominee facility provided for under the Scheme under which a Scheme Shareholder who holds his Porta Shares in certificated form may, subject to certain terms and conditions detailed in the Scheme Document, elect to have Equiniti Financial Services Limited hold on his behalf all of the SEC CDIs which such Scheme Shareholder is entitled to receive for their Porta Shares pursuant to the Scheme
“Corporate Nominee Facility Terms and Conditions”	the terms and conditions governing the Corporate Nominee Facility, details of which are set out in the Scheme Document
“Court”	the High Court of Justice of England and Wales
“Court Hearing”	the court hearing at which Porta will seek an order sanctioning the Scheme pursuant to Part 26 of the Act
“Court Meeting”	the meeting of Scheme Shareholders to be convened at the direction of the Court pursuant to Part 26 of the Companies Act 2006 to consider, and if thought fit, approve the Scheme (with or without amendment), including any adjournment thereof
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
“CREST International Manual”	the CREST International Manual published by Euroclear, as amended from time to time
“CREST Manual”	the CREST Manual published by Euroclear, as amended from time to time
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 2001/3755)
“Daily Official List”	the daily official list of the London Stock Exchange
“Dealing Disclosure”	an announcement pursuant to Rule 8 of the Code containing details of dealings in relevant securities of any party to an offer
“Directors”	the directors of the Company (and the Proposed Directors, as the context requires), whose names appear on page 13 of this document
“Director and Senior Manger Lock-In Deeds”	the conditional lock-in deeds entered into by the Company and Arden Partners on or around 5 July 2019 with each Director (other than Fiorenzo Tagliabue who has entered into the Tagliabue Lock-In Deed), Proposed Director and Paola Ambrosino in respect of all of the SEC Shares which each holds on Admission and acquires during the period of the restrictions in the deed
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules published by the FCA under FSMA and contained in the FCA’s publication of the same name (as amended from time to time)

“EBITDA”	earnings before interest, tax, depreciation and amortisation
“Effective”	in the context of the Merger: <ul style="list-style-type: none"> (i) if the Merger is implemented by way of the Scheme, the Scheme having become effective in accordance with its terms; or (ii) if the Merger is implemented by way of a Takeover Offer, the Takeover Offer having been declared or become unconditional in all respects
“Effective Date”	the date on which the Scheme Court Order is delivered to the Registrar of Companies
“Enlarged Share Capital”	the issued SEC Shares following Admission comprising the Existing Ordinary Shares, the New SEC Shares and the Offeror Exchange Shares
“Euroclear”	Euroclear UK & Ireland Limited
“Excluded Shares”	any Porta Shares: <ul style="list-style-type: none"> a. beneficially owned by SEC or any other member of the SEC Group; and b. held by Porta in treasury
“Existing Group”	the Company and its subsidiaries at the date of this document
“Existing Ordinary Shares” or “Existing Share Capital”	the SEC Shares in issue as at the date of this document
“Existing Directors”	the directors of the Company as at the date of this document
“FCA”	the Financial Conduct Authority
“FCA Handbook”	the FCA Handbook of rules and guidance published by the FCA (as amended from time to time)
“FSMA”	the Financial Services and Markets Act 2000 (as amended from time to time)
“Groundlinks”	Groundlinks Limited, a company incorporated in the British Virgin Islands with registered number 319999
“Hawk”	Hawk Investment Holdings Limited, a company incorporated in Guernsey with registered number 44994
“Hawk Bond”	the discounted capital bond issued by Porta to Hawk
“Hawk Pension Fund”	Hawk Pension Fund Limited, a company incorporated in Guernsey with registered number 97319
“IFRS”	International Financial Reporting Standards as adopted by the European Union
“Independent Expert Appraisal”	means the expert appraisal drafted pursuant to article 2343-ter of the Italian Civil Code in respect of the issue of the New SEC Shares in connection with the Merger
“IPO Admission”	the initial admission of the Company's Ordinary Shares to trading on AIM which became effective on 26 July 2016
“Italian Civil Code”	means the Italian civil code, enacted by Royal Decree No. 262 of 16 March 1942, as subsequently amended and supplemented
“London Stock Exchange”	London Stock Exchange plc
“Long Stop Date”	means 11.59 p.m. (UK time) on 30 September 2019 being the date by which the Scheme must become unconditional and effective failing which it will lapse or such later date as Porta and

	the Company may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court)
“MAR”	the Market Abuse Regulation (2014/596/EU)
“Merger”	the proposed acquisition by SEC of the entire issued and to be issued ordinary share capital of Porta (not already held by or on behalf of SEC), to be implemented by way of the Scheme or (should SEC so elect, subject to the consent of the Panel) by way of a Takeover Offer
“Merger Announcement”	means the announcement made by SEC and Porta on 11 June 2019 regarding the Merger and the Scheme and made pursuant to Rule 2.7 of the Code
“Newgate”	Newgate Communications Limited, a company incorporated in England and Wales with registered number 08964377
“Newington”	Newington Communications Limited, a company incorporated in England and Wales with registered number 05674779
“New Articles”	the Articles of Association of Porta to be adopted by Porta in conjunction with Merger, if approved by the requisite majority at the Porta General Meeting
“New SEC Shares”	the new SEC Shares which are to be allotted and issued pursuant to the Merger
“Offeror Exchange Shares”	5,993,212 SEC Shares, being SEC Shares, which are to be issued to RGL in connection with the Conversion Shares Exchange
“Offer Period”	the period commencing on 10 April 2019 and ending in accordance with the rules of the Code
“Opening Position Disclosure”	an announcement required for the purposes of Rule 8 of the Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the Merger if the person concerned has such a position
“Panel”	the UK Panel on Takeovers and Mergers
“Porta”	Porta Communications plc, a company incorporated in England and Wales with registered number 05353387
“Porta Directors” or “Porta Board”	the directors of Porta as at the date of this document or, where the context so requires, the directors of Porta from time to time
“Porta General Meeting”	the general meeting of Porta Shareholders to be convened in connection with the Scheme and the Merger, notice of which is set out in the Scheme Document, including any adjournment thereof
“Porta Group”	Porta, its subsidiaries and subsidiary undertakings from time to time
“Porta Independent Directors”	the Porta Directors, save for Fiorenzo Tagliabue
“Porta Meetings”	the Court Meeting and the Porta General Meeting
“Porta Shares”	the ordinary shares of one pence each in the capital of Porta
“Porta Shareholder”	holders of Porta Shares
“pounds”, “£”, “p” or “Sterling”	the lawful currency of the United Kingdom
“Proposed Directors”	means (i) John Foley, whose appointment as non-executive chairman of the Company is due to take effect from, and is conditional upon, Admission; and (ii) Emma Kane, Brian Tyson and Rhyddian Bankes whose appointments as directors (but not

	employees) of the Company are due to take effect from, and are conditional upon, Admission
“QCA Corporate Governance Code”	means the corporate governance code published by the Quoted Companies Alliance in 2018
“Qualifying SEC Shareholder”	means a SEC Shareholder or SEC Shareholders holding at least 5 per cent. of the total issued share capital of SEC
“Recommending Porta Directors”	the Porta Independent Directors
“Registrar of Companies”	the Registrar of Companies in England and Wales
“Regulatory Information Service”	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information in respect of companies trading on AIM
“Relevant Debt”	£5,303,727.43
“Representative”	means Porta or such other person as may be appointed by Porta from time to time
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Merger is sent or made available to Porta Shareholders in that jurisdiction
“Restricted Overseas Person”	a person (including, without limitation, an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator or other legal representative) in, or resident in, or any person whom Porta reasonably believes to be in, or resident in, a Restricted Jurisdiction (or any custodian, nominee or trustee for such person)
“RGL”	Retro Grand Limited, a company incorporated in the British Virgin Islands with registered number 373821
“RGL Debt Conversion”	the conversion of the Relevant Debt into the Conversion Shares
“Scheme”	the proposed scheme of arrangement under Part 26 of the Act between Porta and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Porta and SEC
“Scheme Court Order”	the order of the Court sanctioning the Scheme under Part 26 of the Act
“Scheme Document”	the document sent by Porta to (among others) Porta Shareholders and persons with information rights containing and setting out, amongst other things, the Scheme, the full terms and conditions of the Scheme and the notices convening the Porta Meetings and associated forms of proxy
“Scheme Record Time”	the time and date specified in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately prior to the Effective Date
“Scheme Shareholders”	holders of Scheme Shares from time to time
“Scheme Shares”	Porta Shares: <ul style="list-style-type: none"> a. in issue at the date of the Scheme Document; b. (if any) issued after the date of the Scheme Document, but before the Voting Record Time; and

- c. (if any) issued at or after the Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme,
but in each case other than the Excluded Shares

“SEC” or “Company”	SEC S.p.A., a company incorporated in Italy with company number 09628510159
“SEC Capital Increase Resolution”	means the resolution to be proposed at the SEC General Meeting for the approval of the issue of the New SEC Shares in connection with the Merger
“SEC CDI”	a CDI representing an entitlement to one SEC Share
“SEC Convertible Loan Agreement”	the convertible loan agreement between Porta and SEC dated 10 April 2019 pursuant to which SEC made a convertible loan facility available to Porta, a summary of which is set out in paragraph 11.1.1.5 of Part VIII of this document
“SEC Directors” or “SEC Board”	the directors of SEC as at the date of this announcement or, where the context so requires, the directors of SEC from time to time
“SEC General Meeting”	the general meeting of SEC to be convened in connection with the Merger and the Conversion Shares Exchange, notice of which is set out in the SEC Shareholder Circular, including any adjournment thereof
“SEC Group”	SEC, its subsidiaries and subsidiary undertakings from time to time
“SEC Resolutions”	the resolutions set out in SEC Shareholder Circular in respect of and in connection with the approval of the Merger, the approval of the allotment of the New SEC Shares and the approval of the Offeror Exchange Shares
“SEC Shares” or “Ordinary Shares”	Ordinary Shares of no expressed par value in the capital of SEC
“SEC Shareholder Circular”	the circular to be published by SEC in connection with the Merger and containing notice of the SEC General Meeting
“SEC Shareholders”	the registered holders of SEC Shares from time to time
“Tagliabue Lock-In Deed”	means the conditional lock-in deed entered into by Fiorenzo Tagliabue and his wife Silvia Mazzuca, Arden Partners and the Company on or around 5 July 2019 in respect of all of the SEC Shares which Fiorenzo Tagliabue and Silvia Mazzucca, hold on Admission and acquire during the period of restrictions in the deed
“Takeover Offer”	a takeover offer as defined in Part 28 of the Act
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK GAAP”	generally accepted accounting principles in the United Kingdom
“uncertificated” or in “uncertificated form”	in respect of a share or other security, where that share or other security is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia and all other areas subject to its jurisdiction
“US Exchange Act”	the US Securities Exchange Act 1934, as amended

“US Securities Act”

the US Securities Act 1933, as amended

“Voting Record Time”

the date and time specified in the Scheme Document

References to the singular shall include references to the plural, where applicable, and vice versa. Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it.

DIRECTORS, SECRETARY AND ADVISERS

Existing Directors	Luigi Roth (Non-Executive Chairman, and from Admission, Deputy Non-Executive Chairman) Fiorenzo Tagliabue (Chief Executive Officer) Tom Parker (Chief Sales Officer, and from Admission, Deputy Chief Executive Officer) Anna Milito (Chief Financial Officer, and from Admission, Deputy Group Chief Financial Officer) Mark Glover (Executive Director) Paola Bruno (Non-Executive Director) David Mathewson (Non-Executive Director)
Proposed Directors	John Foley (Non-Executive Chairman) Emma Kane (Deputy Chief Executive Officer) Brian Tyson (Deputy Chief Executive Officer) Rhydian Bankes (Group Chief Financial Officer)
Registered Office	Via Ferrante Aporti 8, 20125 Milan, Italy
Company Secretary	Enrico Viganò
Company website	www.secglobal.com
Nominated Adviser and Broker	Arden Partners plc 125 Old Broad Street London EC2N 1AR
Financial Adviser to the Company	UBS (Italia) S.p.A. Corporate Advisory Group Via del Vecchio Politecnico, 3 20121 – Milan Italy
Auditors	BDO Italia S.p.A. Viale Abruzzi, 94 20131 Milan
Reporting Accountants	BDO LLP 55 Baker Street London W1U 7EU
Solicitors to the Company (English Law)	Burges Salmon LLP One Glass Wharf Bristol BS2 0ZX
Solicitors to the Company (Italian Law)	Nctm Studio Legale Via Agnello 12 20121 – Milan Italy

**Solicitors to the Nominated
Adviser and Broker**

Fox Williams LLP
10 Finsbury Square
London
EC2A 1AF

Registrars

Computershare S.p.A.
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PART I

INFORMATION ON THE MERGER, THE PROPOSALS AND THE COMPANY

1. Introduction and summary

On 11 June 2019, the boards of Porta and SEC announced that they had agreed the terms of a recommended merger pursuant to which SEC intends to acquire the entire issued and to be issued ordinary share capital of Porta. Subject to the satisfaction, or where applicable, waiver of the Conditions, it is expected that the Merger, which is to be effected by means of a court sanctioned scheme of arrangement under Part 26 of the Companies Act 2006, will become Effective on or around 3 September 2019 and that Admission of the Combined Group will take place on or around 4 September 2019.

The Merger will constitute a reverse takeover under the AIM Rules for Companies and as such is conditional, *inter alia*, on approval by SEC Shareholders which will be sought at a general meeting of the Company to be held on 22 July 2019, notice of which is set out in the SEC Shareholder Circular.

The purpose of this Admission Document is to explain the background to and the reasons for the Merger, to explain why the Board considers the Merger and the Conversion Shares Exchange to be in the best interests of the Company and the SEC Shareholders as a whole and why the Directors unanimously recommend that SEC Shareholders vote in favour of the SEC Resolutions to be proposed at the SEC General Meeting.

SEC Shareholders should also read the SEC Shareholder Circular which contains important information relating to the issue of new Ordinary Shares in the Company pursuant to the Merger and the issue of new Ordinary Shares in the Company pursuant to the Conversion Shares Undertaking.

The Scheme Document, explaining the background to, and the details of, the Merger, was posted to Porta Shareholders on 5 July 2019 in order to seek their approval in respect of the Merger at the Court Meeting and at the Porta General Meeting. The Scheme Document also explains the reasons why the Recommending Porta Directors consider the terms of the Merger to be fair and reasonable.

Paragraph 11.1.1.4 of Part VIII of this document contains a summary of the Conversion Shares Exchange Undertaking.

2. Summary terms of the Merger and the Scheme

Under the terms of the Scheme, which is subject to the Conditions and to the full terms and conditions set out in the Scheme Document, Scheme Shareholders on the register of members of Porta at the Scheme Record Time will be entitled to receive:

1 New SEC Share for every 88.4955752 Scheme Shares

The exchange ratio of New SEC Shares to Scheme Shares has been determined by reference to the average daily volume weighted average price over the six months to 5 April 2019 for each of the Porta Shares and the SEC Shares.

The Merger represents a value of approximately 0.88 pence per Scheme Share based upon the Closing Price of SEC Shares on 7 June 2019, being the latest practicable date prior to the date of the Merger Announcement, representing:

- a premium of 95.87 per cent. to the Closing Price of Porta Shares on 7 June 2019 (being the latest practicable date prior to the date of the Merger Announcement); and
- a premium of 48.65 per cent. to the 30-day volume weighted average price per Porta Share as at close of business on 7 June 2019 (being the latest practicable date prior to the date of the Merger Announcement).

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

In order to become effective, the Scheme requires the Scheme Shareholders to vote in favour of the Scheme at the Court Meeting, the Porta Shareholders to vote in favour of the resolutions to be proposed at the Porta General Meeting, the SEC Shareholders to vote in favour of the SEC Resolutions to be proposed at the SEC General Meeting and the passing of the SEC Resolutions. If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted and, if they voted, whether they voted for or against the Scheme, at the Court Meeting or the Porta General Meeting. Upon the Scheme becoming Effective, Porta will become a wholly owned subsidiary of SEC. The Scheme and Merger are conditional on, amongst other things:

- all resolutions necessary to approve and implement the Scheme, amend the articles of Porta and approve the allotment of the Conversion Shares being duly passed by the requisite majority or majorities at the Porta General Meeting and the Court Meeting;
- the sanction of the Scheme by the Court and the Scheme becoming Effective;
- the passing at the SEC General Meeting of such resolution or resolutions as are necessary to approve, implement and effect the Merger and the allotment of the New SEC Shares and the Offeror Exchange Shares;
- no Qualifying SEC Shareholder having validly exercised, in the period of 30 days following the date on which the SEC Capital Increase Resolution is filed with the Italian Companies Registrar, its right under Article 2440, para. 6, of the Italian Civil Code to request a court in the Republic of Italy to appoint an independent expert to make an expert appraisal of the value of the Scheme Shares for the purposes of the Italian Civil Code;
- no circumstances arising since the date of the Independent Expert Appraisal which, under the provisions of the Italian Civil Code relating to contributions in kind, require SEC to obtain a second expert appraisal from an independent expert (meeting the requirements of article 2343 of the Italian Civil Code) in respect of the value of the Scheme Shares and which prohibit SEC from filing the statement required by Article 2343-quater, para. 3, of the Italian Civil Code; and
- the Conditions and further terms not otherwise identified above to which the Scheme and the Merger are subject, as set out in the Scheme Document, either being satisfied or (with the exception of certain conditions which are not capable of waiver) waived.

It is expected that subject to the satisfaction (or, where applicable, waiver) of the Conditions, the Scheme Court Hearing to sanction the Scheme will be held on or around 2 September 2019 and that the Effective Date will be 3 September 2019. The Merger is conditional upon the Scheme becoming effective by no later than 30 September 2019, or such later date as Porta and the Company may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court), failing which it will lapse.

In order to become effective, the Scheme must be approved at the Court Meeting (at which voting will be conducted by way of a poll) by the passing of a resolution by a majority in number of the Scheme Shareholders, present and voting, either in person or by proxy, at such meeting, representing not less than 75 per cent. in value of the Scheme Shares held by such Scheme Shareholders.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the Porta General Meeting or whether they voted against the Scheme. The Scheme will only become effective on the Scheme Court Order being delivered to the Registrar of Companies.

Consideration in respect of the Merger is to be satisfied by the issue of up to 4,755,162 New Ordinary Shares, which will result in Scheme Shareholders owning approximately 19.61 per cent. of the Combined Group upon Admission. The Merger is conditional on, amongst other things: (i) the Scheme becoming Effective by no later than the Long Stop Date; and (ii) approval by the requisite majority of SEC Shareholders at the SEC General Meeting and of Porta Shareholders at the Porta Meetings.

The existing SEC Shares are admitted to trading on AIM. The Merger will constitute a reverse takeover for SEC for the purposes of the AIM Rules for Companies. Accordingly, SEC is required to seek the approval of its shareholders for the Merger at the SEC General Meeting. Application will be made for the admission of the Enlarged Share Capital of the Company to trading on AIM. It is

expected that Admission will become effective and that trading in the share capital of the Combined Group will commence at 8:00 a.m. 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 expected to occur by no later than 30 September 2019.

3. Background to and reasons for the Merger

Porta and SEC are AIM quoted groups that share a similar vision and entrepreneurial approach, driving growth organically, via acquisitions and start-ups. As of the date of this document, Porta has 17 offices in 7 countries including a strong presence in Asia Pacific (“**APAC**”) whilst SEC has 14 offices in 6 countries in continental Europe as well as an office in Colombia. Both organisations have won a number of awards for the impact and quality of their work.

On 3 August 2017, SEC made a £3.0 million strategic equity investment in Porta and SEC’s founder and Chief Executive Officer, Fiorenzo Tagliabue, joined the Porta Board as Non-Executive Deputy Chairman. Since then SEC and Porta have entered into the SEC Convertible Loan Agreement under which SEC has provided financing to Porta in accordance with the terms of that agreement. As at 7 June 2019 (being the latest practicable date prior to the date of the Merger Announcement) SEC held 16.92 per cent. of the issued share capital of Porta and is Porta’s largest individual shareholder. Following the investment in Porta by SEC, the two groups have worked together and gained a good understanding of each other’s vision, strategic priorities, culture and management style.

The Directors believe that the strategic communications advisory industry is evolving, shifting away from commodity offerings and seeing a growth in demand for c-suite strategic advice, an integrated product offering and local expertise to assist clients where markets, politics, media and community intersect across multiple-jurisdictions. The ability to deliver to this changing market is seen as a key strength of both the Porta and SEC businesses.

It is anticipated by the Directors that a combination of SEC and Porta, with the resultant portfolio of services and capabilities, will strengthen the position of the Combined Group as a more broadly-based international communications group. It is anticipated that the benefits to both Porta and SEC of the Merger will include:

Expansion of a global footprint

Porta and SEC have a complementary geographic network with very limited geographic crossover. Porta has 17 offices in 7 countries including a strong presence in APAC whilst SEC has 15 offices in 7 countries, primarily across continental Europe. Based on combined reported 2018 revenue, the merger of the two groups would create a Top 30 global strategic communications advisory firm (Holmes Report 2019).

The Merger is therefore expected to provide clients with a consistent, integrated service across a significantly enlarged, owned office network. This will give access to key European markets, and a geopolitical hub in Brussels for Porta clients, and access to the APAC region through Porta’s agency offices in Greater China, Singapore and across Australia for SEC clients. The Combined Group will have greater scale and, the SEC Directors believe, greater capacity for sustainable growth to expand into remaining priority markets in North America (New York/Washington) and for further expansion in Latin America, China and key markets in South East Asia.

Extended product offering

The Combined Group will have an enhanced range of products and services over that which each group is currently able to offer individually. For example, the Combined Group will be better placed to roll out Porta’s internationally strong financial communications offering, its 24-hour crisis communications service and expert digital practice across the whole of the Combined Group’s client base.

The Combined Group is expected to support the roll-out of proprietary new market research and communications product offerings across the Combined Group’s geographic footprint. In particular, SEC is developing a set of tools for use in assessing and predicting reputation management, advocacy and stakeholder management. The Directors believe that the application of such new technology-based products across the Combined Group’s client base will enhance the business development and commercial positioning of the Combined Group.

4. Financial information on the Existing Group

Financial information on the Existing Group is set out in Part II of this document.

5. Financial information on Porta

Financial information on Porta is set out in Part III of this document.

6. Current trading

6.1 SEC

In the results for the year ended 31 December 2018, announced on 22 May 2019, SEC reported revenue of €24.6 million (2017: €21.0 million), a profit for the year of €1.6 million (2017: €0.8 million) and net cash and financial investment of €(1.2) million (2017: €1.5 million).

The 2018 results are explained by the growth in projects with existing clients as well as the growth in the number of new clients for the year.

In November 2018, SEC completed its European acquisition plan as Clai joined the SEC Group.

SEC has also focused on developing an applied Artificial Intelligence project which it is expected to drive organic business growth. The Company expects to deliver a new product service in 2019. The intelligence platform at the core of the service is designed to be multilingual and the Board expects to roll out this service to the markets where the SEC Group operates.

The result of a number of these efforts saw a significant rise in SEC's 2019 PR Week global ranking with the SEC Group moving up to 54th position.

The Company has also been working to enlarge its operational footprint with progress made on three new potential acquisitions in the USA, Chile and Germany.

6.2 Porta

In the results for the year ended 31 December 2018, which were announced on 10 April 2019, Porta reported revenue of £35.9 million (2017: £40.3 million) and Adjusted EBITDA of £1.9 million (2017: £2.8 million).

The 2018 results reflected the appointment at the end of April that year of Emma Kane and Brian Tyson as Joint Group Chief Executives. They implemented a detailed strategic plan focused on simplifying the business, reducing Porta's exposure to risk, whilst delivering operational efficiencies and driving improved performance.

Significant progress has been made in transforming the prospects for the Porta Group and its operational restructuring is in its final stages of completion. Achieving sustainable revenue growth is now the focus of the management, particularly in Porta's largest regions in the UK and Australia. Since the year end, the restructured UK business has performed in line with expectations of the Porta Board. However, the IPO and M&A transaction work pipeline in the UK is still affected by continuing political uncertainty around Brexit. The position in Australia is more encouraging with increased workflow as a result of an uptick in economic activity there following the conclusion of recent state and federal elections. Future political events and level of economic activity in the regions in which Porta operates will affect demand for its services.

As at 31 December 2018, Porta had total borrowings of approximately £12.6 million (2017: £11.9 million). Since the year end, Porta has entered into an agreement with RGL under which £0.5 million of accrued interest was written off. The remaining £5.7 million of capital and interest due to RGL was re-financed with a new facility from RGL (being the "**Convertible Loan Agreement**"). Paragraph 11.1.2.3 of Part VIII of this document contains a summary of the Convertible Loan Agreement. The Convertible Loan Agreement will be partially converted into Porta Shares which will then be exchanged for the Offeror Exchange Shares, subject to certain conditions relating to the Merger completing.

7. The Market

The top of the market is typically dominated by a number of large, predominantly US-based networked operators including Fleishmann Hillard, Weber Shandwick, Brunswick, Praytell, Spectrum and PAN Communications. However, the Directors believe that large firms and brands are shifting away from some of the traditional agency networks in search of more bespoke and strategic

offerings. SEC's strategy aims to position itself in the market as an attractive alternative to large commoditised services through a high quality and bespoke product offering.

Europe is home to approximately 108 of the top 250 PR firms and the Directors believe that there is an opportunity to grow this number as the US market continues to mature. Some of SEC's future target territories, including Latin America and Asia accounted for a little over 10% of the top 250 PR firms globally, illustrating an existing market with a number of potential opportunities.

The financial public relations market in the UK presents a significant opportunity for a consolidator. The role of financial PR consultancies is to offer high level strategic advice to the senior executives of quoted companies and other important organisations and businesses, supported by effective implementation and successful delivery of communications programmes. The majority of the UK's PR consultancies are based in London and the Directors believe the sector to be highly fragmented.

Many financial PR consultancies are built around a number of individuals working with their clients' senior board executives to support the specialist area of investor communications and the relevant related audiences, including opinion formers such as stockbroking analysts and the media. These businesses are often relatively small in terms of staff numbers and charge their clients through a combination of annual retainer fees and project fees relating to specific work such as financial calendar, mergers and acquisitions, and company flotations.

A small number of companies have built upon their financial PR 'roots' and developed wider client offerings, embracing additional strategic communications disciplines such as public affairs, corporate communications, consumer PR and public affairs together with industry specific areas such as technology and healthcare as well as, in some instances, international networks. Typically, this expansion has been driven by acquisition of either complete businesses or teams from other consultancies.

8. Competition

The Company's competitors vary across the different territories in which the Existing Group operates but typically includes a mix of both local public relations firms and subsidiaries of larger multinational groups.

- **Italy:** The major competition for the Existing Group's Italian operations includes some of the big international public relations firms and a couple of independent local public relations and advocacy firms.
- **Belgium:** Cambre Associates' main competitors are the advocacy arms of larger international public relations firms. The competitive scenario in Bruxelles is very challenging but Cambre's reputation in that market is strong.
- **Spain:** ACH Cambre's competitors include large multinational public relations firms, in addition to local Spanish public relations and advocacy businesses.
- **Germany:** Kohl PR's competitors are predominantly local German public relations and advocacy firms.
- **United Kingdom:** The competitors for the Existing Group's British operation include London corporate and financial public relations firms as well as advocacy services firms.

The Directors believe that the Combined Group will differentiate itself from its competitors by being more integrated and flexible than multinational PR firms (networked operators), while having greater reach than private businesses.

9. Strategy for the Combined Group

Porta and SEC attach great importance to the skills and experience of the existing management and employees of both businesses and believe that they will benefit from enhanced career and business opportunities within the combined business.

Assuming the Scheme becomes unconditional and the Merger and Admission are effected, SEC envisages that operations will continue from all of SEC's and Porta's sites for the next 12 months following Admission under the existing local management structure. The future development of the business, as determined by SEC in its ongoing strategy for the Combined Group, will be

implemented by the management of those sites. Of necessity, the merger of two AIM quoted businesses will result in certain changes to the board of directors and executive management, as described below.

Operations

Following completion of the Merger, it is intended that the Porta and SEC holding company names will cease to be used and that SEC, as holding company for the Combined Group, will change its name to SEC Newgate. The majority of Porta's agencies now operate under the "Newgate" brand and it is also proposed that this brand is retained in order to grant business continuity and connectivity with existing clients. A review will be undertaken to ascertain whether the "Newgate" brand can be further leveraged across the Combined Group.

The UK is the only region where SEC and Porta both have an operational presence. It is intended that, following completion of the Merger, the UK regional office network will be integrated, to make most efficient use of the Combined Group's leased office premises. There are no other likely repercussions of the Merger on the business locations of the Combined Group.

The Combined Group's focus will be to build the group profitably, organically and by acquisition and by funding start-ups. It is expected that the Combined Group will make further investments in Asia and also review expansion opportunities into North America (New York and Washington) and in Latin America.

On completion of the Merger, SEC intends to maintain Porta's headquarter functions in London, given its importance as a global financial centre. The corporate head office of the Combined Group will remain in Milan.

10. Directors, Proposed Directors, Senior Managers and Employees

10.1 Directors

The Board is currently comprised of Luigi Roth (Non-Executive Chairman), Fiorenzo Tagliabue (Chief Executive Officer), Tom Parker (Chairman of Cambre SA and Chief Sales Officer), Anna Milito (Chief Financial Officer), Mark Glover (Managing Director of Newington), Paola Bruno (Non-Executive Director) and David Mathewson (Non-executive Director).

Following completion of the Merger, it is intended that Fiorenzo Tagliabue, the current Chief Executive Officer of SEC, will become Chief Executive Officer of the Combined Group. He will be joined as executive directors on the Combined Group's Board by Emma Kane and Brian Tyson, the current Joint Chief Executive Officers of Porta, Tom Parker, SEC Cambre's Chairman and Group Chief Sales Officer and Mark Glover, Managing Director of Newington respectively will remain on the Board. In addition, Rhydian Bankes, the current Porta Chief Financial Officer, will become Chief Financial Officer of the Combined Group.

On Admission, the Board of the Combined Group will be composed of 11 Directors of whom four will be non-executive Directors. John Foley will join the Board of the Combined Group from Admission as a non-executive Chairman, to assist with the integration of the two businesses and to advise on the development of the Combined Group thereafter. Luigi Roth will remain on the Board and serve as Deputy Chairman of the Combined Group.

The biographical details of the directors and their roles upon Admission are set out below:

John Foley, (aged 63) – Non-Executive Chairman

John is a Chartered Accountant and barrister. John is a co-founder and Chairman of AIM quoted niche services provider, Premier Technical Services Group Plc.

John is also Chairman of Servoca plc, the AIM quoted staffing solutions and outsourcing provider. He was previously Chief Executive of MacLellan Group plc, a facilities services company, from 1994 until it was acquired by Interserve plc for an enterprise value of £130 million in June 2006. John was appointed as Non-Executive Chairman of Porta in May 2017.

Luigi Piergiuseppe Ferdinando Roth, (aged 78) – Deputy Non-Executive Chairman

Luigi was appointed to the Board as its Non-Executive Chairman in June 2016. He has significant board experience and his current roles include being President of Alba Leasing S.p.A. (since

May 2012), Senior Advisor of Equita SIM S.p.A. (since October 2014), President of Italiana Valorizzazioni Immobiliari S.r.l. (since September 2013) and President of Melior Valorizzazioni Immobiliari S.r.l. (since June 2010), President of Gruppo Lombardo dei Cavalieri del Lavoro (since September 2013) and he holds positions on the boards of Pirelli & C. S.p.A., Autostrada Torino Milano S.p.A., Eurovita Assicurazioni S.p.A. and NTV S.p.A. Noteworthy previous experience includes roles as President of Terna S.p.A., Consorzio Città della Salute e della Ricerca di Milano, Fondazione Fiera Milano and Ferrovie Nord Milano Esercizio S.p.A., as well as various positions held on the boards of Meliorbanca, Cassa Depositi e Prestiti S.p.A., Ansaldo Trasporti S.p.A. and Breda Costruzioni Ferroviarie S.p.A. Luigi Roth is also a Knight Grand Cross of Merit of the Italian Republic, Knight of Labour and a Papal Gentleman.

Fiorenzo Vittorio Tagliabue, (aged 69) – Chief Executive Officer

Fiorenzo is the founder and controlling shareholder of SEC. He has significant expertise in urban regeneration projects, such as Porta Nuova in Milan (for Hines Group), regeneration of the Fiera di Milano area (for Citylife and Generali-Allianz Group), development plan for Bovisa (for Euromilano) and construction of Fiera in Rho-Però (for Fiera Milano Foundation). He was the CEO of Nuova Editoriale Italiana S.p.A. from 1983 to 1989 and, in 1985, he founded and became General Secretary for the first three years of Centro Televisivo Vaticano. Mr Tagliabue was a member of the Board of Directors of Teatro La Scala (Milan) Foundation from 2005 until January 2015 and is a member of the board of directors of Banco Alimentare Foundation and of Venice University Institute of Architecture.

Emma Victoria Kane (Rosenblatt), (aged 52) – Deputy Chief Executive Officer

Emma has over 30 years of communications' experience gained working both in agencies and in-house at organisations such as ProShare as its first Head of Marketing Communications, and as Head of Investor Services at Charles Schwab. She founded Readleaf in January 2000 and led the agency until 2018 when its sale to Porta was completed. She specialises in financial and corporate communications, and crisis management. She is also the Chairman of the Barbican Centre Trust, Chairman of Target Ovarian Cancer, and a trustee of Nightingale Hammerson. She was awarded the Freedom of the City of London in 2017. Emma was appointed Joint Chief Executive of Porta in April 2018.

Brian William Tyson, (aged 55) – Deputy Chief Executive Officer

Brian is the Managing Partner of Newgate Australia (being Newgate Communications Pty Limited) and co-founder of Newgate Research (the market and social research arm of Newgate Communications). In a consulting career spanning three decades, Brian has come to be regarded as one of Australia's leading communications practitioners with expertise in strategic issues management, financial transactions, government relations, media management and community campaigning. He has led a number of high profile and complex public affairs campaigns and financial transactions in the infrastructure, transport, banking, energy, agriculture and media sporting/ arts sectors. Brian is a Director on the board of the Sydney Swans Australian Football Club and the Committee for Sydney as well the Clontarf Foundation, supporting educational opportunities for young Indigenous Australians.

Prior to his career in consultancy Brian was a political adviser to the Greiner Government in New South Wales. He started his career as a journalist with The Land newspaper. Brian was appointed as Joint Chief Executive Officer of Porta in April 2018.

Rhydian Nicholas Wynne Bankes, (aged 36) – Group Chief Financial Officer

Rhydian graduated from Edinburgh University in 2006, upon which he joined PwC, where he qualified as a Chartered Accountant in 2009. Upon qualifying, he joined finnCap, working in the corporate finance department advising AIM companies. He re-joined PwC in 2010, where he spent another five years working across a broad range of service lines primarily within Private Equity, including Assurance and Regulatory Advisory.

Rhydian joined Porta in January 2016 from PwC, initially as Porta's Head of Group Finance, during which time he worked on the integration of financial systems throughout the Porta Group, restructuring underperforming subsidiaries and leading all areas of financial reporting. Rhydian became Porta's Chief Financial Officer in May 2017.

Anna Milito (aged 48) – Deputy Group Chief Financial Officer, Italy

Anna Milito joined SEC in 2003 and since then has worked in the administrative team, becoming Chief Financial Officer in 2014. Her role includes coordinating a team composed of seven finance and administration professionals. Prior to joining SEC, Mrs Milito worked for an Italian accountancy firm from 1998-1999 and from 2000-2002 she was consultant to a provincial consortium on regional, national and communitarian financing laws for enterprises in Parma. Anna Milito has a degree in Business Economics from the University of Parma and is a chartered accountant.

Thomas Edward Parker, (aged 46) – Chief Sales Officer and Chief Executive of Cambre Associates – Brussels

Tom co-founded Cambre Associates SA in 2013, based in Brussels, and was appointed to the Board in June 2016. Mr Parker was the Managing Director at Interel PR & PA from 2006 to 2007 and the Managing Director of Interel Cabinet Stewart in 2008. Mr Parker is the Vice President of the British Chamber of Commerce in Brussels. He is also a regular commentator on EU lobbying practice and the future of the advocacy profession. Mr Parker works with organizations at the highest levels across a wide range of Sectors, counselling on EU affairs and pan-European advocacy campaigns and has advised on some of Europe's highest profile reputational challenges and counselled on issues management and crisis communication at European and global levels. Mr Parker is also on the boards of the SEC subsidiaries Kohl PR and ACH Cambre.

Mark Henry Glover, (aged 52) – Executive Director and Chief Executive of Newington

Mark founded the award-winning consultancy Newington in 2006. For over 20 years Mark has provided senior counsel to a range of corporate clients Mark sits on the PRCA Public Affairs Board, is a former Chairman of the Board, is a Fellow of the PRCA and sits on the PRCA PR Council.

A member of the Executive of SME4Labour, Mark was a Labour Councillor in Southwark 2002-14, including six years as Chairman of the Labour Group. He is a published author of articles on Labour, Politics, Public Affairs and Business. He also sat on the Federal Executive of the Liberal Democrats in the early 1990s. Mark was an expert witness to the Council of Europe on lobbying transparency and is a regular conference speaker and awards judge. He sits on the fundraising board of Humanity and Inclusion, a member of the Court of the Company of Communicators and spent five years as a Non Exec on Marston Holding Group's Ethical Advisory Board.

David Carr Mathewson, (aged 71) – Non-Executive Director

David was appointed to the Board in June 2016. David has experience in advising private and public companies on strategy plus implementation of mergers, acquisitions, debt and equity fund raising and capital reconstructions. David has spent much of his executive career as Senior Director of Noble Grossart Ltd. More recently, he was Finance Director of Playtech plc, between 2010 and 2013, which moved from AIM to the main market of the London Stock Exchange during his tenure. Prior to being Finance Director, he was a Non-Executive Director and chaired the audit and risk committees of Playtech plc. David is a member of the Institute of Chartered Accountants of Scotland.

Paola Bruno, (aged 52) – Non-Executive Director

Paola is the founder and Managing Director of Augmented Finance Ltd, an advisory company based in London and specialising in M&A, financial and corporate advisory for financial institutions, investment funds and European/North America industrial and tech companies. She is an independent Director, Chairman of Remuneration Committee, and a member of the Nomination Committee in Banca Creval S.p.A.; independent Director, Chairman of Control and Risk Committee, and a member of the Remuneration Committee and Related Party Committee in Alerion Clean Power SpA; and, independent Director, Chair of the Nomination and Remuneration Committee, Member of the Risk Committee and Related Party Committee and Investment Committee in Retelit S.p.A. Paola joined the Board as Non-Executive Director in February 2017.

10.2 Senior Managers

Paola Ambrosino, (aged 59)– General Manager Italian Company

Paola joined SEC Relazioni Pubbliche in 1989. She was appointed General Manager in 2016 and, from 2018, she has chaired the Italian Management Committee. She oversees the content

management and editing department acting as the back stop of relevant integrated communication, positioning and strategic advise projects for both private enterprises and Institutions. Paola has a doctorate in History of the Italian language and literature. She has written several essays on literary critics (Foscolo, Neo-classics and romanticism, Testori). From 2005 to 2008, she taught advertising lexicon and techniques at Sacro Cuore Cattolica University in Milan.

Eric Giully, (aged 60) – Founder and Chairman of CLAI

President and founder of CLAI, Eric is a professional in corporate communications, public affairs and sensitive communications and crisis. Mr. Giully was president for more than 8 years of Publicis Consultants. Eric has a thorough knowledge of the decision-making processes for public actions. He is an alumnus of l' Ecole National d'Administration (Pierre Mendès-France promotion-1978). Eric also holds a DESS in political science, a master's degree in private law and a diploma from Sciences Po (Public Service section, promotion 1974).

Enrico Viganò, (aged 51) – Group Financial Controller and Company Secretary

Enrico Viganò joined SEC in 2016 as Group Financial Controller. His responsibilities include the consolidation of the accounts of the subsidiaries of the SEC Group to produce the management accounts, interims and Annual Reports. Enrico is a qualified chartered accountant and auditor and has a wide range of experience. Enrico was Internal Controller & tax Manager at IPG Italia S.r.l. (the Italian subsidiary of IPG, a NYSE listed company), Financial Controller at McCann Worldgroup S.r.l. (an Italian subsidiary of IPG) Responsible for Planning & Control at Winterthur Vita S.p.a. (Life insurance field), Internal Auditor at Skandia Vita S.p.a. as well as Senior Auditor at PWC Milan. Enrico holds a BSc in Economics and Business from the Università Cattolica del Sacro Cuore.

10.3 Employees

SEC as at the date of this document has 311 employees. The headcount per subsidiary can be found in the table below.

Entity	Headcount
ACH Cambre	15
Cambre Associates	21
CLAI	23
Curious	4
Della Silva	0
HIT	5
Kohl PR	6
Martis	23
Newington	43
SEC LATAM SAS	65
SEC & Ass.	3
SEC Med.	6
SEC Spa	84
SEC and Part.	13
Total	311

Porta as at the date of this document has 263 employees. The headcount per subsidiary can be found in the table below.

Entity	Headcount
Porta Communications plc	9
Porta Communications Midco Holdings Limited	0
Newgate Public Relations Limited	0
Newgate PR Holdings Limited	0
Newgate Communications Limited	103
PPS (Local and Regional) Limited	0

Entity	Headcount
13 Communications Limited	0
Publicasity (ICAS Limited)	0
Redleaf Polhill Limited	0
Newgate Sponsorship Limited	0
Newgate Communications (HK). Limited	12
Newgate Communications Beijing	0
Newgate Communications Pty Ltd. Australia	85
Newgate Communications Abu Dhabi FZ	7
Newgate Communications (Singapore) Pte. Ltd.	16
Newgate Brussels SPRL	0
Newgate Public Affairs Limited	0
Velvet Consultancy Limited	0
Clare Consultancy Limited	0
Engagecomm Pty Ltd	4
Newgate Media Holdings Limited	0
Summit Marketing Services Limited	0
21:12 Communications Limited	27
Total	263

On Admission, the Combined Group is expected to have 574 employees. The expected headcount per subsidiary can be found in the tables above.

11. Corporate governance and board practices

The Directors acknowledge the importance of the principles set out in the QCA Corporate Governance Code.

The Directors have adopted the QCA Corporate Governance Code which has become a widely recognised benchmark for corporate governance of small and mid-sized companies, particularly companies quoted on AIM.

Immediately following Admission, the Board will comprise eleven Directors, seven of whom will be executive Directors and four of whom will be non-executive Directors, reflecting a blend of different experience and backgrounds.

Following Admission, the Board will meet at least 10 times a year to review, formulate and approve the Company's strategy, budgets and corporate actions and oversee the Company's progress towards its goals. The Board has an established Audit and AIM Compliance Committee, Remuneration and Nomination Committee, and Management Committee with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Compliance with the QCA Corporate Governance Code

The Company has published on its website details of how it complies with the QCA Corporate Governance Code and where it diverges from the QCA Corporate Governance Code and explanations of the reasons for doing so. This information is also set out below. The Company will review this information annually in accordance with the requirements of Rule 26 of the AIM Rules for Companies.

The following summary sets out how the Company applies the key governance principles defined in the QCA Corporate Governance Code.

The Board recognises the importance of sound corporate governance and applies the QCA Corporate Governance Code, which the Directors believe is the most appropriate recognised governance code for a company with shares admitted to trading on AIM. It is believed that the QCA Corporate Governance Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that

exists within the organisation as part of building a successful and sustainable business for all of its stakeholders.

The QCA Corporate Governance Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. These principles are:

1. Establish a strategy and business model which promote long-term value for shareholders;
2. Seek to understand and meet shareholder needs and expectations;
3. Take into account wider stakeholder and social responsibilities and their implications for long term success;
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation;
5. Maintain the board as a well-functioning, balanced team led by the Chairman;
6. Ensure that between them the Directors have the necessary up to date experience, skills and capabilities;
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
8. Promote a corporate culture that is based on ethical values and behaviours;
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board; and
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The QCA Corporate Governance Code requires the Company to apply the ten principles and publish certain disclosures in its annual report and also on its website. The Company's disclosures are as follows:

Principle One – Establish a strategy and business model which promote long-term value for shareholders

The Company's business model and strategy to deliver shareholder value is set out in the annual report (see Annual Report 2018, pages 26-27) together with the Company's values and risk management approach (see Annual Report 2018, pages 32-33).

The Company's vision is to invest in and develop its operating businesses to deliver long term, sustainable growth in shareholder value with particular focus on exploiting the outstanding business opportunities in the different markets where the Company has its operations.

Following completion of the Merger, the Board will review the Strategy and business plan of the Combined Group.

Principle Two – Seek to understand and meet shareholder expectations

The Company maintains a dedicated email address (investorsecnewgate@secrp.com) which investors can use to contact the company which is prominently displayed on its website together with the company's address and phone number. Fiorenzo Tagliabue is responsible for reviewing all communications received from shareholders and determining the most appropriate response.

Shareholders are encouraged to attend the AGM and any other general meetings of the Company which are convened throughout the year.

Due to the fact that at the date of this document the Company has a dominant shareholder, and on Admission will (assuming the New SEC Shares and the Offeror Exchange Shares are issued) have, two significant shareholders holding more than 20 per cent. of the share capital of the Company, the Board is particularly aware of the need to hear the voices of and protect the interests of minority shareholders, balancing these interests with those of any more substantial shareholders.

Principle Three – Take into account wider stakeholder and social responsibilities and their implications for long-term success

In addition to shareholders, the Company believes its main stakeholder groups are its employees and clients. The Company dedicates significant time to understanding and acting on the needs and requirements of each of these groups via meetings dedicated to obtaining feedback.

To improve dialogue with its employees, the SEC Group has just adopted Workplace, a platform of Facebook that allows all the employees of the members of the SEC Group to have the possibility to share ideas, projects, best practices, best cases, case studies and similar matters.

With regards corporate social responsibility, SEC supports Portofranco Onlus, a non-profit organization which started in Milan and offers academic help to students in middle school and high school.

Each subsidiary promotes their own CSR activities.

Principle Four – Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Company describes, in its annual report, the potential risks across a number of categories including: personnel, clients, competition, finance, legal and macroeconomics. For each risk the Company estimates the: impact, likelihood and possible mitigating strategies. This approach is reviewed yearly and is published on the Company's website.

The Company receives regular feedback from its external auditors on the state of its internal controls. The Chief Financial Officer systematically reviews each area of the business and monitors the effectiveness of internal controls.

Principle Five – Maintain the board as a well-functioning, balanced team led by the chairman

The Board will, with effect from Admission, be led by John Foley, non-executive Chairman and he will be joined by three independent non-executive directors who are: Luigi Roth, David Matthewson and Paola Bruno.

The Board will meet on a monthly basis, except in August and December. The Board has decided to adopt voluntarily the practice that all continuing Directors stand for re-election every three years even if, according to the Italian Law, shareholders nominate members of the Board and decide the length of their mandate at the AGM.

The Company notes that best practice under the QCA Corporate Governance Code is to have at least two non-executive independent directors and at the moment the company has three independent non-executive directors and for now the board considers its composition appropriate given the size of the Company, its revenues and profitability.

Principle Six – Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

Full details of the Board and their relevant experience, skills and personal qualities and capabilities are set out in paragraph 10 of Part I. The Board provides to the Company a set of skills and competences that enable it to tackle the challenges of the market and deliver long term shareholder value.

Principle Seven – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The evaluation of the Board's performance is a topic that the Board will start to discuss during the next fiscal year.

Though, given the size and total amount turnover of the Company, the Board evaluation scheme will be implemented in an informal manner. The Board will formally submit a plan for its evaluation to the AGM in 2020. The process and its results and recommendations will be published at a future date.

The Board considers that the Company's size is too small to have either an internal succession plan or maintain an external candidate list prior to the need arising.

Principle Eight – Promote a corporate culture that is based on ethical values and behaviours

The Board believes that the promotion of a corporate culture based on sound ethical values and behaviour is essential to maximize shareholder value. The Company has implemented the use of a handbook that includes clear guidance on what is expected of every employee and officer of the company. Adherence of these standards is an important factor in the evaluation of performance within the Company.

In addition, staff matters is a standing topic at every board meeting and the CEO reports on any notable examples of behaviour that either align with or is at odds with the Company's stated values. The Directors believe that the Company culture encourages collaborative, ethical behaviour which benefits employees, clients and shareholders.

Principle Nine – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The Board contains a mix of both executive and non-executive directors. This provides the Company and will provide the Combined Group with a depth of experience across its industry and general operations providing support and oversight to the proper function of the Group.

The Chairman leads the Board and is responsible for its governance structures, performance and effectiveness. The Chairman is also responsible for ensuring that the links between the Board and the shareholders, are strong and efficient. Meanwhile, the Chief Executive Officer, the Deputy Chief Executive Officers and the Chief Financial Officer are responsible for the day-to-day management of the business and for implementing the strategic goals agreed by the Board.

The key board roles are as follows:

- **Chairman:** The primary responsibility of the Chairman is to lead the Board effectively and to oversee the adoption, delivery and communication of the company's corporate governance model. The Chairman has sufficient separation from the day-to-day business to be able to make independent decisions. The Chairman is also responsible for making sure that the board agenda concentrates on the key issues, both operational and financial, with regular reviews of the company's strategy and its overall implementation
- **Chief Executive Officer:** The Chief Executive Officer is in charge of the general management of the SEC Group. He implements strategies and policies that are necessary to meet the objectives that are set out by the Board. The Chief Executive Officer is responsible for promoting, developing and supporting the commercial reach and performance of the SEC Group.

The Chief Executive Officer actively promotes the harmonisation across the SEC Group of: culture; procedures; business understanding; and, local market insight. This is done by supporting the SEC Group's Management Committee, (which consists of the chief executive officers of the SEC Group's subsidiaries) which will work on a defined agenda to identify projects and initiatives to be taken centrally or locally under the same SEC Group umbrella. The Group Chief Executive Officer is responsible for overseeing the development strategy of the SEC Group which has been approved by the Board. The Chief Executive Officer will identify and report to the Board on potential acquisitions and collaborations and partnerships of a strategic nature.

- **Deputy Chief Executive Officers:** Works with the Chief Executive Officer in an open and transparent way and keep the Chief Executive Officer up-to-date with operational performance, risks and other issues to ensure that the business remains aligned with the strategy.
- **Chief Financial Officer:** The Chief Financial Officer oversees the review and consolidation of: monthly management accounts; budgets and reforecasts; yearend audited accounts and unaudited interim statements. The Chief Financial Officer will promote cooperation amongst subsidiaries in order to foster a management and financial control environment which meets the standards set by the SEC Group.

The Board has established three sub-committees appointed by the board of directors. They are as follows:

Audit and AIM Compliance Committee

The Audit and AIM Compliance Committee has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the SEC Group is properly measured and reported on and ensuring compliance with the AIM Rules for Companies. It will receive and review reports from the SEC Group's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit and AIM Compliance Committee meets no less than twice each year and will have unrestricted access to the Group's auditors. The Audit Committee on Admission will comprise John Foley (Chairman), David Mathewson and Paola Bruno.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee reviews the performance of executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The Remuneration Committee meets at least once each year. The Remuneration and Nomination committee is also responsible for identifying, nominating and approving appointments to the Company and the future needs of the Company and issues of succession. The Nomination Committee meets at least once each year. The Remuneration and Nomination Committee on Admission will comprise Luigi Roth (Chairman), Paola Bruno and John Foley.

Management Committee

The Board has formed a management sub-committee comprising of divisional CEOs reporting to the Board. The Management Committee is comprised of all divisional CEOs to ensure that it reflects and communicates the entrepreneurial and technical know-how being developed in the different regions and markets within the SEC Group.

The Management Committee has been a part of SEC management and governance framework since 2017. It is expected continue to be an important component of the governance of the enlarged business as it reflects the vision and business orientation that underpins the SEC Group's business model. The Management Committee reports to the Board of directors via the Chief Executive Officer and is tasked with defining and rolling out plans and actions that tackle the objectives and strategies set for the SEC Group by the Board.

The Management Committee covers a wide range of topics spreading from branding and brand value, positioning and commercial strategies, internal communications and training amongst others.

The Management Committee meets quarterly with meeting locations varied across the Group's operational locations to expand knowledge and understanding of all agencies environment, organisation and commercial reach with each meeting chaired by a chairperson selected amongst its members.

Principle Ten – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

On the Company's website, shareholders can find all historical RNS announcements, interim reports and annual reports. The Company's website allows shareholders and other interested parties to sign up to a mailing list to enable them to directly receive regulatory and other related news. As described earlier, shareholders can contact the Company via email (investorsecnewgate@secrp.com).

The results of voting on all resolutions are announced via RNS immediately following completion of AGMs and General Meetings and are available on the website. Any actions that are required to be taken as a result of resolutions for which votes against have been received from at least 20 per cent. of independent shareholders will be detailed on the RNS.

Corporate Governance

The Company has adopted the QCA Corporate Governance Code for the reasons set out in this section. Accordingly, the Company does not comply with any other corporate governance regime in

the Republic of Italy which is applicable to companies with shares admitted to trading on a multi-lateral trading facility.

12. Dividend policy

The Directors recognise that a dividend is an important part of a shareholder's return. While the strategy is one of growth, the underlying businesses are established and generate a return in cash. Accordingly, the Directors intend to pay a modest dividend, annually (pursuant to Italian regulations) and adopt a progressive dividend policy, assuming that it is prudent to do so at the time.

The payment by the Company of any future dividends, and the amount of such dividends, will depend upon the Company's financial position at the time, forecasts of future activity including capital expenditure, sustainability of earning, the need to provide appropriate dividend cover and other factors deemed by the Board to be relevant at the time.

13. Share dealing policy

The Board has adopted a share dealing policy in order to comply with Rule 21 of the AIM Rules for Companies relating to directors' and applicable employees' (as defined in the AIM Rules for Companies) dealings in shares. It also complies with the requirements of MAR.

The share dealing policy applies to the Directors and other relevant employees of the Group. The share dealing policy provides that there are certain periods during which dealing in Ordinary Shares cannot be made. Such periods include the periods leading up to the publication of the Company's financial results, including interim results, and any periods in which the Directors and other relevant employees may be in possession of unpublished price sensitive information.

In addition, a clearance procedure must be followed before any dealings by persons subject a share dealing policy can take place (including dealings by their families and other associates).

14. Stock Grant Plan

On 9 June 2016, the Board approved an incentive and retention plan for the employees of the Company and its subsidiaries, to be carried out through the free allocation of newly issued Ordinary Shares, obtained through a free share capital increase in accordance with Article 2349, Paragraph 1 of the Italian Civil Code (the "Stock Grant Plan").

The effectiveness of the right to receive the Ordinary Shares was subject to IPO Admission. According to the terms and conditions of the Stock Grant Plan, the beneficiary is entitled to receive (free of charge) the Ordinary Shares starting from the second anniversary of IPO Admission.

In particular the Stock Grant Plan is reserved for employees who, at the date of entitlement to receive the Ordinary Shares from the Company, have an existing employment contract with the Company (or any member of the Group). If the beneficiaries, for whatever reason, cease to have an employment contract with Company (or any member of the Group), the beneficiaries shall lose all rights to the assignment and delivery of the Ordinary Shares.

As at 3 July 2019 (being the latest practicable date prior to the publication of this document) the Company had not issued any Ordinary Shares under the terms of the Stock Grant Plan.

15. Taxation

Your attention is drawn to the further information regarding taxation set out in paragraph 15 of Part VIII of this document. These details are, however, intended only as a general guide to the current tax position for UK resident shareholders under UK taxation law and Italian resident shareholders under Italian taxation law and you should seek independent advice if you are in any doubt as to your tax position and/or if you are subject to tax in a jurisdiction other than in the UK and/or Italy.

16. The Takeover Code and regulation of takeover offers for the Company

The Takeover Code does not currently apply to the Company and is not expected to apply to the Company following Admission on the basis that the Company's place of central management and control is not expected to be in the UK, the Channel Islands or the Isle of Man.

For this reason, the shareholders will not be offered any protections under the Takeover Code. It is emphasised that, although the Ordinary Shares will trade on AIM, the Company will not be subject to takeover regulation in the UK.

However, pursuant to art. 12 of SEC By-Laws the Company has voluntarily agreed that, for so long as the Company's shares are admitted to trading on AIM, the provisions of the Italian Consolidated Law on Finance on listed companies referred to in article 106, 108 and 109 and implementing regulation issued by CONSOB shall apply to the Company.

This means that anyone who acquires ordinary shares carrying voting rights which results in that shareholder and any persons acting in concert with him exceeding the shareholding threshold provided for by art. 106 Italian Consolidated Law on Finance (which is currently 30% of the Company's voting rights) will have to launch a mandatory tender offer for the whole issued share capital of the Company (other than the shares held by the relevant shareholder), except if the shareholder is exempted according to art. 106 Italian Consolidated Law on Finance itself and implementing regulations. According to the by-laws, exceeding the shareholding threshold provided for in article 106 of the Italian Consolidated Law on Finance and in the absence of the communication to the board of directors of a full tender offer within the time limits laid down by the provisions in question, the voting rights attaching to the excess shares in the capital of the Company shall be suspended.

In addition, a mandatory tender offer can be triggered by a purchase of existing shares and by the subscription for new shares.

For the purpose of the SEC By-Laws persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal, although invalid or without effect), cooperate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company.

The Italian Consolidated Law on Finance and the regulation issued by CONSOB provide for certain exemptions from the obligation to launch a mandatory tender offer. The obligation to launch a mandatory tender offer will not be triggered (whether or not the relevant threshold is exceeded) when, for example, but not limited to, any of the following cases is applicable:

- other shareholders (either alone or acting in concert) already hold the majority of the voting rights exercisable at the ordinary shareholders' meeting;
- the bid is the result of a capital strengthening plan implemented in certain specifically identified instances of serious financial crisis or through subscription for shares in a reserved capital increase under a restructuring plan under certain specific conditions;
- the company is in a critical financial situation and (i) if falling within the competence of the shareholders' meeting of the target company, the transaction is approved without the negative vote of the majority of the company's shareholders attending the meeting (excluding the buyer/bidder and majority shareholder(s)) provided that their shareholding should be higher than 10% of the voting share capital, (ii) if falling outside the competence of the shareholders' meeting of the target company, the transaction is approved by the majority of its shareholders, excluding the buyer/bidder and majority shareholder(s), under an *ad hoc* declaration made available by the company;
- the shareholding is acquired as a result of a transfer of shares between companies under common control, or from one company to its controlling shareholder(s);
- the bid occurs in companies whose bye-laws provide for increased voting rights or the issue of multiple-voting shares and the relevant thresholds are exceeded as a result of the reduction of the overall voting rights;
- the potential bidder undertakes to sell the excess shares to non-related parties or to decrease the excess voting rights within 12 months (18 months if it is a financial institution) and to refrain from exercising the related voting rights in the interim;
- the bid occurs as a result of either (i) the exercise of an option, conversion or subscription right; or (ii) acquisition of derivative instruments and the acquirer undertakes to sell the securities or instruments in excess to non-related parties within six months and to refrain from exercising the voting rights exceeding the relevant threshold in the interim;

- the bid results from a statutory merger or de-merger, where the transaction is approved by the shareholders' meeting of the company whose shares would otherwise be subject to the mandatory offer without the contrary vote of the majority of the target's shareholders attending the meeting (excluding shareholders who, as a result of the transaction, exceed the mandatory offer threshold and the shareholder(s) holding the majority stake in the company, provided that the shareholding is higher than 10% of the voting share capital);
- the bid occurs as a result of inheritance or free of charge transactions between living individuals;
- the bid is the result of a (voluntary) offer made upon 100% of the target company's voting securities.

17. Relationship Agreement

The Company has entered into a relationship agreement dated 5 July 2019 with Fiorenzo Tagliabue and Arden Partners pursuant to which the parties have agreed to regulate aspects of the continuing relationship between the Company and Fiorenzo Tagliabue. In particular, for so long as Fiorenzo Tagliabue and his associates (within the meaning of the AIM Rules for Companies) own or control Ordinary Shares representing at least 20% of the issued share capital of the Company, Fiorenzo Tagliabue has agreed to ensure that, amongst other matters, the Company is capable at all times of carrying on its business independently and that transactions between the parties are on arm's length basis terms and on normal commercial terms.

18. Lock-in Deeds

18.1 Fiorenzo Tagliabue and Silvia Mazzucca

Immediately following Admission, Fiorenzo Tagliabue and his wife, Silvia Mazzucca, will be interested in, directly or indirectly, an aggregate of 8,920,100 Ordinary Shares representing approximately 36.78 per cent. of the Enlarged Share Capital. Further information is available in paragraph 11.1.1.3 of Part VIII of this document.

Under the terms of the Tagliabue Lock-In Deed, Fiorenzo Tagliabue and Silvia Mazzucca have each undertaken not to dispose of any interest they each hold in Ordinary Shares for 12 months following Admission (save in certain limited circumstances) and thereafter, for a further period of 12 months, only to effect disposals of their Ordinary Shares through Arden Partners (or the brokers for the time being of the Company) to permit the maintenance of an orderly market in SEC Shares.

18.2 Directors, Proposed Directors and certain Senior Managers

Immediately following Admission the Directors (excluding Fiorenzo Tagliabue), the Proposed Directors and Paola Ambrosino will be interested in, directly or indirectly, 961,838 Ordinary Shares in aggregate, representing approximately 3.96 per cent. of the Enlarged Share Capital.

Under the terms of the Director and Senior Manger Lock-In Deeds, each of the Directors (other than Fiorenzo Tagliabue who has entered into the Tagliabue Lock-In Deed), Proposed Directors and Paola Ambrosino has undertaken not to dispose of any interest they each hold in Ordinary Shares for 12 months following Admission (save in certain limited circumstances) and thereafter, for a further period of 12 months, only to effect disposals of their SEC Shares through Arden Partners (or the brokers for the time being of the Company) to permit the maintenance of an orderly market in Ordinary Shares.

Summaries of the principal terms of the Tagliabue Lock-In Deed, and the Director and Senior Management Lock-In Deeds are set out in paragraph 11.1.1.2 and 11.1.1.3 of Part VIII of this document.

19. Admission

As the Merger constitutes a reverse takeover under the AIM Rules for Companies, SEC Shareholder consent to the Merger is required at the SEC General Meeting. If the SEC Resolutions are duly passed at the SEC General Meeting and the Scheme becomes effective, the admission of the Existing Ordinary Shares to trading on AIM will be cancelled (immediately prior to Admission) and application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Admission is expected to take place at 8.00 a.m. on or around 4 September 2019.

20. Uncertificated Shares and Electronic Settlement

Under Italian law, shares in a company cannot be held simultaneously in both certificated and uncertificated form. A company must therefore choose which form its shares will be held in and consequently all of its shares must be held in that form. The Company has adopted the dematerialisation regime and all of its Ordinary Shares will be therefore in uncertificated form.

As a matter of English law, foreign securities, such as the Company's Ordinary Shares, cannot be held and transferred directly in the CREST system. However, the Company's Ordinary Shares are capable of being settled indirectly in CREST via CREST's International Settlement Links Services. Shareholders who are CREST members, or who have appointed a CREST member as their nominee, will be able to hold an interest in Ordinary Shares via the service by way of the issue of CDIs. CDIs represent the rights to the underlying Ordinary Shares.

Under Italian law, all dematerialised shares are registered with a central settlement company (Monte Titoli S.p.A.). The ownership of shares is represented by an electronic entry (in the name of the shareholder) in the accounts of intermediaries qualified at Monte Titoli.

(a) Electronic Settlement in CREST

CREST is a paperless settlement system enabling securities to be transferred from one person's CREST account to another without the need for written instruments of transfer. SEC's Articles of Association by-laws permit the holding of CDIs under the CREST system. Accordingly, settlement of transactions in the CDIs following Admission may take place within the CREST system if any shareholder so wishes.

SEC has commenced discussions with CREST and Monte Titoli in order to seek to arrive at a solution which enables CDI holders to exercise voting rights as if they were the direct holders of the shares. Further details in respect of CDIs are set out in the CREST International Manual.

(b) Electronic Settlement through Monte Titoli

The Company has entered into arrangements with Monte Titoli, the Italian Central Securities Depository, under which Monte Titoli will settle dealings in Ordinary Shares.

(c) Corporate Nominee facility

The Company has entered into arrangements with Equiniti Financial Services Limited in respect of the holders of Scheme Shares in certificated form who would not otherwise have been able to receive the SEC CDIs due to them in respect of their Scheme Shares. Details of the Corporate Nominee Facility and the Corporate Nominee Facility Terms and Conditions are set out in the Scheme Document.

(d) The Bare Trust

Certain holders of Scheme Shares in certificated form may not be eligible to participate in the Corporate Nominee Facility or may for regulatory or other reasons be prohibited from participating in that facility. The SEC CDIs to which such certificated Scheme Shareholders are entitled will be allotted and issued by SEC to the Representative and held by the Representative as bare trustee for the relevant Scheme Shareholders. Details of the bare trust and the basis on which the relevant SEC CDIs will be held by the Representative are set out in the Scheme Document.

21. Dilution

If the Scheme becomes effective, the Merger is completed, and the Conversion Shares Exchange occurs, it is expected that 10,748,374 Ordinary Shares will be issued. This will result in the issued ordinary share capital increasing by approximately 79.6 per cent. SEC Shareholders will suffer an immediate dilution as a result of the Merger and the Conversion Shares Exchange, following which they will hold approximately 55.7 per cent. of the Enlarged Share Capital.

22. Risk factors

For a discussion of certain risk factors which should be taken into account when considering an investment in the Ordinary Shares, see Part IV.

23. General Meeting

Notice of the SEC General Meeting is set out in the SEC Shareholder Circular which has been made available to SEC Shareholders on the Company's website. The SEC General Meeting will be held at 11.30 a.m. (CEST) on 22 July 2019 at the registered office of the Company in Milan, via Ferrante Aporti, 8

The Merger constitutes a 'reverse takeover' under the AIM Rules for Companies by virtue of the size of Porta relative to the Company and it is therefore subject to the approval of the SEC Shareholders. Such approval is being sought by way of an ordinary resolution to be proposed at the SEC General Meeting.

SEC Shareholder approval will also be sought in respect of the following resolutions:

- the allotment of the New SEC Shares pursuant to the Scheme;
- the allotment of the Offeror Exchange Shares pursuant to the terms of the Conversion Shares Undertaking; and
- to change the name of the Company to SEC Newgate S.p.A.

24. Irrevocable undertakings relating to the General Meeting

Fiorenzo Tagliabue and Silvia Mazzucca, his wife, have each undertaken to vote in favour of the SEC Resolutions to be proposed at the SEC General Meeting to approve the Merger, the allotment and issue of the New SEC Shares and the allotment and issue of the Offeror Exchange Shares and related matters in respect of their own legal and beneficial holdings of SEC Shares amounting to, in aggregate, 8,920,100 SEC Shares, representing approximately 66.06 per cent. of the existing issued share capital of SEC.

25. Additional information

SEC Shareholders and prospective investors should read the whole of this Admission Document which provides additional information on the Company, the Merger and the Conversion Shares Exchange and not rely on summaries or individual parts only. In particular, the attention of SEC Shareholders and prospective investors is drawn to Part IV of this Admission Document which contains a summary of the risk factors to an investment in the Company.

26. Recommendation

The SEC Board believes that the Merger and the Conversion Shares Exchange is in the best interests of the Company and the SEC Shareholders as a whole. Accordingly, the Directors unanimously recommend you vote in favour of all of the SEC Resolutions at the SEC General Meeting.

PART II

INFORMATION ON THE EXISTING GROUP

1. Introduction

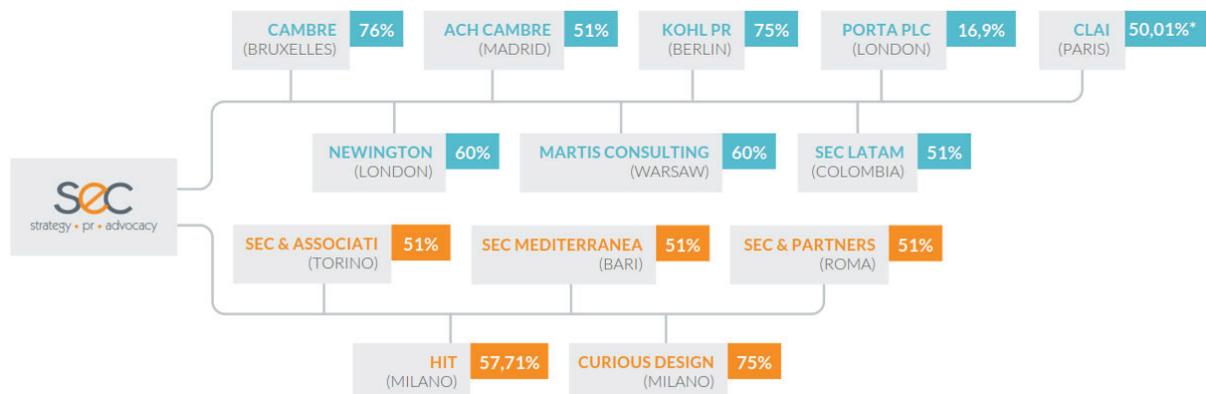
SEC S.p.A. is a holding company and head office for a public relations and advocacy business, headquartered in Milan with operations primarily across western Europe and an office in Colombia. The business was originally founded in 1989 and has subsequently grown both organically and by acquisition. The Company was admitted to trading on AIM in July 2016.

In recent years the SEC Group has acquired a number of majority stakes in companies, leaving existing management incentivised with minority shareholdings. The SEC Group's business is the highest ranked global PR agency by fee income for 2018 that is headquartered in Italy by the 2019 Holmes Report Global PR Agency Rankings. Accordingly, the Directors consider that the Company is ideally positioned to become a consolidator in the growing public relations and advocacy sectors. The SEC Group's strategy is to become a global PR business, differentiated from its competitors (most of whom are US based) by its European roots.

2. SEC and its history

SEC was founded by the current Chief Executive, Fiorenzo Tagliabue, in 1989. It subsequently grew organically focusing on media relations, institutional and business to business (B2B) events, publishing and institutional relations. From 1997, the Company expanded across Italy opening offices in Turin, Naples, Rome and Bari. In more recent years other offices have been opened in Italy, precisely in Venice, Bolzano and Catania. Following growth over a number of years, in 2013 the Group began to expand internationally with a series of acquisitions in Belgium (2013), Spain (2014), Germany (2015), UK (2016), Poland (2017), Colombia (2017) and France (2018). The Group currently comprises fourteen subsidiaries (two of which are dormant and are in the process of undergoing voluntary liquidation) in which the Company holds stakes ranging between 10 per cent. and 95 per cent. of the share capital and a 16.9 per cent. shareholding in Porta.

SEC Group Entities



* SEC holds preferred shares in Clai that represent the 10% of the share capital that allow 50%+0,1 voting rights

Set out below is a summary of the active subsidiaries.

Italian Subsidiaries

SEC & Associati S.r.l.

SEC & Associati S.r.l., based in Turin, was incorporated in 1997 and represents SEC's first operations outside of Milan. SEC & Associati provides a wide range of PR services to various types of clients, including large corporates, trade associations and regional governments and municipalities. It also offers basic advocacy services, with more complex advocacy needs referred to SEC's Milan office. SEC owns a 51 per cent. stake in SEC & Associati.

SEC Mediterranea S.r.l.

SEC Mediterranea S.r.l., based in Bari in Southern Italy, provides a comprehensive range of PR and community relations services to clients which include corporates and trade associations. SEC S.p.A. owns a 51 per cent. interest in SEC Mediterranea.

SEC and Partners S.r.l.

SEC and Partners S.r.l. principally provides its clients, which include a number of large corporates, with corporate and financial PR services from its office in Rome, where it was incorporated in 2014. SEC S.p.A. has a 50.5 per cent. interest in SEC and Partners S.r.l..

Curious Design S.r.l.

Curious Design S.r.l., located in Milan, is a corporate identity and graphic design agency. The current management team joined in 2010 and in 2011 SEC acquired its 75 per cent. holding in Curious Design with the President and Creative Director owning the remaining 25 per cent.. It provides its clients, which include a number of large well-known businesses and brands, with a wide range of design services including website design and layout, product packaging design, branding and corporate image design.

HIT S.r.l.

HIT was established in 1994, and provides human resources for the different enterprise communication activities. The company has a database of over 10,000 contacts from which it can supply its clients' events throughout Italy with stewards, promoters, entertainers, event hosts, interpreters and security operators on a 24 hours a day, 7 days a week basis. It also offers highly specialised administrative communication services such as recall services, mailing lists, email and telephone hotlines as well as professional technical services (audio, video and lighting) for corporate events. SEC S.p.A. owns a 57.7 per cent. interest in HIT.

European Subsidiaries

Cambre Associates SA (Belgium)

Cambre Associates SA is an advocacy business based in Brussels where it has operated since 2001. SEC acquired its stake in 2013. The team at Cambre has an understanding of European Union Government issues and specialises in government relations, public affairs and public relations. Cambre assists its clients to mobilise opinion across Europe from local interest communities to global opinion leaders. Cambre skills are based around research, understanding legislative procedure, networks, search engine optimisation, infographics, personal profiling, polling, online campaigning or multimedia. Cambre's clients include governments, industry associations and multinational companies. SEC S.p.A. owns a 76 per cent. interest in Cambre Associates SA with the balance held by Outcom SPRL (a company controlled by Tom Parker) and by Cambre Associates SA in itself (but with voting rights suspended).

ACH Cambre, Consejeros De Relaciones Públicas S.L. (Spain)

ACH Consejeros de Relaciones Publicas S.L. ("ACH") was bought by SEC in April 2014. In December 2014 ACH merged with Cambre y Asociados, a small company focused on public affairs, and changed the name to ACH Cambre. Its main office is in Madrid and it also operates from Barcelona. ACH Cambre provides reputation services, media and investor relations, opinion analysis, corporate social responsibility projects and reports and financial PR. ACH Cambre has a track record spanning over 30 years and is therefore very well known. SEC S.p.A. owns a 65.7 per cent. interest in ACH Cambre.

Kohl PR & Partner Unternehmensberatung für Kommunikation GmbH (Germany)

Kohl PR was founded in 1984 and has been owner-managed since. It was one of the first PR agencies in Germany to focus on political communication, which is its core strength, along with government relations. The business is headquartered in Berlin, close to the Reichstag, leading media outlets and offices of the members of the German Bundestag. SEC S.p.A. owns a 75 per cent. interest in Kohl PR.

Newington Communications Limited (United Kingdom)

Newington Communications Limited is an award-winning, multi-disciplinary communications consultancy specialising in Corporate and Public Affairs for the UK and European markets. The team of up to 50 experienced consultants is based across offices in London, Edinburgh, Manchester, Birmingham and Chelmsford. Newington is the sixth largest public affairs consultancy in the UK as measured by PR Week (2019). Its continued success, noted by the industry and recognised by domestic and international awards, and its considerable growth is due to its strong emphasis on client care, ethics and delivering tangible outcomes. From 2016, SEC S.p.A. owns a 60.0 per cent. interest in Newington with the remaining 40.0 per cent. owned by founders Mark Glover and Phil Briscoe.

Martis Consulting (Poland)

Founded in Warsaw in 2001 by Ewa Baldyga and Dariusz Jarosz, professionals with over twenty years in corporate communications. Its specialist consultants work in a range of sectors including oil and gas, energy and environment, financial services, healthcare, housing, justice and legal, as well as property development and transport. Martis Consulting is run by existing management who retain equity in the business and are incentivised to deliver strong growth. SEC S.p.A. owns a 60 per cent. interest in the business.

CLAI (France)

Clai was founded in 1997 by Eric Giully, former Global Head of Publicis Consultants. CLAI's consultants offer a large portfolio of services, which include advice on social media intelligence, communication strategies, public affairs, community relations, brand management, media training and coaching. All services are offered to a wider range of sectors, with both corporate and public institutions as clients. The Company holds preferred shares in CLAI which represent 10% of the share capital of CLAI but which entitle the Company to exercise 50 per cent. plus 0.1 of the voting rights in respect of CLAI.

Global Subsidiaries

SEC Latam Comunicaciones Estrategicas S.A.S (Colombia)

With over 15 years of experience in Colombia, SEC Latam (previously known as Newlink Comunicaciones) is an agency comprised of 60 employees with extensive experience in communication strategies in both the public and private sectors. The agency is recognized in the market for its strategic thinking and excellence in execution. SEC Latam develops integrated communication strategies in collaboration with its customers and aids their effective implementation.

SEC Latam operations are structured around the following business units:

- Public & Corporate Affairs
- Healthcare
- Brand PR: Consumer, Marketing & Lifestyle
- Content marketing, Creativity, Design & Integrated Production
- Social media

SEC Latam is run by Maria Cluadia de Francisco Zambrano and Rafael Mora. SEC owns a 51 per cent. interest in SEC Latam.

3. Business Overview

SEC Group's activities comprise public relations, advocacy and integrated services. The SEC Group has over 500 clients (as at the date of this document) which include a number of blue chip companies and organisations. Typically, clients engage the Company on a retained basis with an annual or semi-annual rolling contract.

Public relations services, which made up 52.4 per cent. of the SEC Group revenue in the financial year ended 31 December 2018, (in 2017, it made up 44.0 per cent. of the SEC Group's revenue and, in 2016, it made up 58.6 per cent. of the Group revenue) include:

- Brand Equity Management – The development of strategies to preserve and/or raise the brand value of a client, be it a company and its brand(s), a cultural institution or large real estate projects. This is typically based on detailed understanding of perception and uses various communication levers and processes of perception analysis.
- Corporate and Financial Communication – The provision of consulting and communication services for companies and financial institutions related to mergers and acquisitions, capital markets and investor relations.
- Reputation Safeguard: Issues & Crisis Management – The development of strategies to help companies and institutions rapidly and effectively combat potential or actual crises, which could cause severe damage to their reputation and ultimately their business operations.
- Corporate Social Responsibility – Services related to every aspect of social engagement and reputation of a client.
- External and Internal Relations – Professional communication focusing on customer relationship management (CRM), social and content management and projects addressed at employees to align and reenergise.
- Media Relations – Services designed to enhance relations with media, bloggers and editors.
- Digital Relations – Digital communications including social media audits and analysis, digital media office and digital PR, social media strategies, video reporting, monitoring of local media networks and facilitating training sessions to clients.

Advocacy services, which account for 30.3 per cent. of the SEC Group revenue in the financial year ended 31 December 2018, (in 2017, it made up 23.3 per cent. of the SEC Group's revenue and, in 2016, it made up 26.4 per cent. of the Group revenue) include:

- Government Relations – Services aimed at enabling companies to interact effectively with local, national and international governments.
- Public Affairs – Assisting clients, ranging from local interest communities to global opinion leaders, through research and campaigning, to mobilise opinion across regions.
- Community Relations and Consensus Building – Helping companies manage potential or actual conflicts related to its goods, services or projects, building reputation in the communities where they operate.
- Issue Management – Helping organisations prioritize and proactively address public policy and reputation issues that can affect their success.
- Political Communication – Services provided to political parties during election periods, ranging from communication management and strategy to media coverage.

Integrated services, which made up 17.3 per cent. of the revenue of the SEC Group in the financial year ended 31 December 2018, (in 2017, it made up 17.9 per cent. of the SEC Group's revenue and, in 2016, it made up 15.0 per cent. of the Group revenue) include:

- Social Media Management – Covering all the stages of social media communication, from strategic and editorial decisions to direct administration of social media channels.
- Event Management – Services focused on organising events. SEC assists clients throughout the organisation process, including design, promotion and budget management.
- Association Management – Services ranging from the launch and day-to-day management of an association to providing the back office of an industry coalition. Association management services help clients to ensure legal and financial compliance and represent clients' industries and advocate on clients' issues.
- Integrated Communication – Encompasses advertising campaigns, coordination and multidisciplinary projects, leveraging synergies with artists, screenwriters and advertising agencies.

The Existing Group generates revenue in the following geographic regions:

	Year ended 31 December 2018		Year ended 31 December 2017		Year ended 31 December 2016	
	€'000	%	€'000	%	€'000	%
Italy	10,883	44	10,580	50	9,933	54
United Kingdom	4,100	17	4,074	19	989	5
Belgium	4,064	17	3,624	17	4,736	25
Germany	402	1	957	6	1,245	7
Spain	902	4	900	4	1,584	9
Poland	1,080	4	829	4	—	—
France	545	2	—	—	—	—
Colombia	2,618	11	—	—	—	—

The Acquisition Strategy

SEC has historically followed an acquisition based strategy to complement organic growth. The Directors believe that, notwithstanding the importance of technology, successful PR and advocacy is highly dependent on established long term personal and trusted contacts within established brands. The Directors therefore intend to grow the Group through acquisitions in new territories, typically leaving the local management with a minority stake to ensure that they are incentivised. This is a complementary strategy to that pursued by Porta.

Historically, in seeking acquisitions in new territories, the Company has applied the following criteria:

- **Size:** SEC's acquisition strategy is to make bolt-on acquisitions, with a focus on small to mid-sized businesses (between €1 million – €3 million turnover). The Directors believe that when entering a new market it is prudent to make a smaller acquisition, however, owing to the opportunistic nature of acquiring established and profitable businesses, larger acquisitions are considered where appropriate.
- **Profitable operations:** The target company should typically be profitable both at the time the acquisition is being considered and historically, which the Directors consider evidences a well-established business.
- **Focus on corporate communications and public affairs:** The potential target firm should have both a corporate communications business as well as a public affairs operation in order to derive synergies when integrated into SEC's existing operations.
- **People:** The people running the target firm should be reliable and trustworthy and have an entrepreneurial mind set, which is a key part of the SEC culture. They will need to be willing to continue running the operations and retain a minority interest in the business being acquired by SEC.

4. Financial summary

The following financial information has been derived from the audited financial information of SEC Group for the year ended 31 December 2018 which is incorporated by reference in this document and should be read in conjunction with the full text of this Document and such financial information. Investors should not rely solely on the summarised information:

Year ended 31 December	2018 € million	2017 € million	2016 € million
Revenue ¹	24.594	20.964	18.487
EBITDA	2.569	1.390	923
Profit before tax	2.211	1.103	0.734
Net profit	1.572	0.773	0.445
Net financial position ²	(1.160)	1.501	3.571

1 Revenue presents the fees derived from the services provided to and invoiced to clients and is reported net of discounts VAT and other taxes. Costs incurred with external suppliers on behalf of clients and excluded from revenues.

2 Net financial position represents cash and cash equivalents and financial investments less borrowings.

This summary information relates to past performance. Past performance is not a reliable indication of future results.

5. Current trading and prospects

In the results for the year ended 31 December 2018, announced on 22 May 2019, SEC reported revenue of €24.6 million (2017: €21.0 million), profit for the year of €1.6 million (2017: €0.8 million) and net cash and financial investment of €(1.2) million (2017: €1.5 million).

The 2018 results are explained by the growth in projects with existing clients as well as the growth in the numbers of new clients for the year.

PART III

INFORMATION ON PORTA

1. Introduction

Porta Communications Plc was admitted to trading on AIM in 2011 and is the holding company for an international communications and marketing business with 17 offices in 7 countries.

Through its specialist businesses, primarily under the Newgate Communications brand, Porta helps clients to build their brands and protect their reputations on a local, national and international basis benefiting from its specialist and integrated communications and marketing services.

Porta currently has two divisions which between them provide the synergy to build a successful international business. These divisions are communications (including research, financial and corporate communications, investor relations, consumer PR and public affairs) and marketing & advertising (including multi-media and creative communications, digital services and media planning & buying).

2. The Porta Group

Newgate Communications

Newgate Communications advises clients on a wide range of complex issues, locally, nationally and internationally helping organisations to find and promote a distinctive market positioning through proactive communications programmes. This includes high profile situations, campaigns and transactions supported by specialist teams with local expertise.

Newgate's operations comprise Newgate UK, Newgate Australia, Newgate UAE, Newgate Singapore, Newgate Hong Kong, Beijing and Shanghai which together serve the UK, Asia-Pacific (APAC) and Middle East regions expanding the global reach of the Group's service offerings.

Newgate UK operates out of London, Manchester, Bristol, Leeds, Edinburgh and Cardiff, often in partnership with Newgate colleagues in overseas offices. Whilst the business is channel agnostic, it has deep experience in some sectors, particularly property financial services, professional services, retail, lifestyle, food & drink, technology, media and telecommunications, support services and energy & infrastructure. It is advising organisations in the UK as well as managing cross-border mandates and campaigns, both B2B and B2C.

Newgate Australia operates out of six locations nationwide with offices in Sydney, Melbourne, Canberra, Brisbane, Adelaide and Perth which collectively employ more than 80 people. Newgate Australia has specific expertise in financial and corporate communications, public affairs (government relations), market research and digital and engagement communications. This year has seen the completion of office upgrades and refits in Canberra, Perth and Brisbane, increasing capacity for further growth in these key markets.

Newgate Abu Dhabi was established in 2013 by Porta. The team provides a comprehensive range of communications services across the full spectrum including financial PR and corporate communications, brand building, and crisis management. The team works with public and private sector clients – both domestic and international.

Newgate Hong Kong, Beijing, Shanghai and Newgate Singapore share expertise in the financial communications space including IPOs, investor relations, shareholder activism projects, corporate communications, M&A and privatisations. The team also has experience in the fixed income space having advised a number of bond issuances.

Publicisity

Publicisity was started in 1978 and is Newgate's London based consumer communications brand. Publicisity offers clients an integrated suite of communications services including PR, digital, content creation and brand experiences. It began developing its offer in the digital sphere with its first organic wins for its influencer outreach across four different markets in Central Europe. Publicisity has knowledge and experience spanning a range of lifestyle sectors including but not limited to: retail, home interiors, food & drink, leisure, travel, fashion and beauty.

2112 Communications

2112 was a start-up by Porta, established in 2012.

2112 provides the creation and production of digital and print communications solutions for its clients including brand development, multi-channel campaigns, advertising, design, content, websites and direct marketing.

It has a significant expertise in the financial services sector acting for leading organisations.

3. Key strengths

The new leadership team of Porta, appointed in April 2018, put in place a detailed strategic plan, developed in conjunction with the senior leadership team from across Porta. It focused on driving growth and profitability.

The plan revolved around:

- Operating seamlessly as an integrated, strategic communications business locally, nationally and internationally;
- Maximising Porta Group's productivity and profitability;
- Building a motivated, talented team that is passionate about being the best; and
- Focusing resources on delivering the optimum result for its clients, its shareholders and its employees. Four core priority focus areas were identified in order to deliver this plan and drive the implementation from across the Newgate international footprint:
 - Building critical mass by integrating its UK businesses, investing in its teams, focusing on core sectors, to focus on successful organic growth and establishing additional business offerings and affiliates in key strategic locations locally and internationally;
 - Rolling out and developing new products and services to complement its integrated model such as social market research from Australia and insight and digital from the UK;
 - Driving cross-selling and collaboration opportunities including the proposed establishment of a global crisis communications product taking advantage of its network and geographical spread and crisis expertise to provide 24/7 crisis support to organisations anywhere around the world; and
 - Setting up inter-office taskforces to drive best practice in financial management and profitability, culture and talent development, and to build brand equity and familiarity/favourability in the Newgate brand.

4. Business Overview

The Group has three reportable segments, as described below, which are the Porta's strategic divisions. The strategic divisions offer different products and services and are managed separately because they require different resources and strategies. For each of the strategic divisions, Porta's Chief Executive Officer reviews internal management reports on a monthly basis. The following table describes the operations in each of Porta's reportable segments:

- Corporate Communications includes public relations, public affairs and other corporate communication services
- Marketing & Advertising includes media buying, creative advertising, marketing and corporate branding services
- Head office, which is not an operating segment, includes services provided by the Group's corporate function, including group treasury and finance and management services.

Year ended 31 December	2018 £	2017 £	2016 £
Revenue			
Communications	33,053,531	36,469,657	31,837,288
Marketing and Advertising	3,563,006	3,985,820	5,504,863
Head Office	895,326	696,238	570,126
Total	<u>37,511,863*</u>	<u>41,151,715*</u>	<u>37,912,277*</u>

* These include intercompany revenue.

The following table also describes the geographical split of the client based revenue as a percentage of Porta's revenue:

Client based revenue	2018	2017	2016
United Kingdom	47%	55%	58%
Australia	35%	36%	27%
USA	1%	1%	2%
Europe	3%	2%	5%
Hong Kong and Singapore	11%	5%	6%
Middle East	2%	—	—
Other	1%	1%	2%

The nature of services provided can vary significantly depending on the requirements of the customer. Porta provides a range of communications, marketing and advertising services specialising in corporate and financial communications, consumer PR, investor relations, public affairs, digital services, research and analytics, corporate branding and creative marketing.

5. Financial summary

The following financial information has been derived from the audited financial information of Porta Group for the year ended 31 December 2018 which is incorporated by reference in this document and should be read in conjunction with the full text of this Document and such financial information. Investors should not rely solely on the summarised information:

Year ended 31 December	2018 £ million	2017 £ million	2016 £ million
Revenue ¹	35.853	40.281	37.150
Adjusted EBITDA	1.870	2.818	2.343
Loss before tax	(4.103)	(3.023)	(5.080)
Net loss	(3.932)	(4.483)	(5,570)
Cash and cash equivalents	2.590	3.530	1.855

¹ Reported revenue includes costs incurred by the Porta Group on behalf of clients.

This summary information relates to past performance. Past performance is not a reliable indication of future results.

6. Current trading and prospects

In its final results for the year ended 31 December 2018, which were announced on 10 April 2019, Porta Group reported revenue of £35.9 million (2017: £40.3 million) and Adjusted EBITDA of £1.9 million (2017: £2.8 million).

The 2018 results reflected the appointment at the end of April that year of Emma Kane and Brian Tyson, as Joint Group Chief Executives. They implemented a detailed strategic plan focused

on simplifying the business, reducing Porta's exposure to risk, whilst delivering operational efficiencies and driving improved performance.

Significant progress has been made in transforming the prospects for the Porta Group and its operational restructuring is in its final stages of completion. Achieving sustainable revenue growth is now the focus of the management, particularly in Porta's largest regions in the UK and Australia. Since the year end, the restructured UK business has performed in line with the Board's expectations. The IPO and M&A transaction work pipeline in the UK is continuing to be affected by continuing political uncertainty around Brexit. The position in Australia is more encouraging with increased workflow as a result of an uptick in economic activity there following the conclusion of recent state and federal elections. Future political events and level of economic activity in the regions in which Porta operates will affect demand for its services.

As at 31 December 2018, Porta had total borrowings of approximately £12.6 million (2017: £11.9 million). Since the year end, Porta has entered into an agreement with RGL under which £0.5 million of accrued interest was written off. The remaining £5.7 million of capital and interest due to RGL was re-financed with a new facility from RGL (the "Convertible Loan Agreement").

PART IV

RISK FACTORS

Investors are referred to the risks set out below. An investment in the Company is subject to a number of risks and may not be suitable for everyone. An investment in the Combined Group is only suitable for investors who are capable of evaluating, or who have been advised of the risks and merits of, such investments and who have sufficient resources to bear any loss which might result from such investment. No assurance can be given that Shareholders will realise a profit or avoid a loss on their investment. The risks described below do not purport to be exhaustive and are not set out in any order of priority. Additional risks and uncertainties which are not presently known to or are currently deemed immaterial by the Directors may also have an adverse effect on the Combined Group's business, financial condition or results as a result of which its and prospects could suffer and investors could lose all or part of their investment.

Investors should review this document carefully and in its entirety and are recommended to obtain independent financial advice from an adviser authorised under FSMA (or another appropriately authorised independent professional adviser) who specialises in advising upon investments before making any investment in the Ordinary Shares in the capital of the Company.

If any of the following risks occur, the Combined Group's business, financial position and/or operating results could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his investment.

In addition to the other relevant information set out in this document, the Directors consider that the following specific risk factors, which are not set out in any particular order of priority, should be taken into account when evaluating whether to make an investment in the Company:

1. RISKS RELATING TO THE MERGER

The Merger may not complete

Completion of the Merger is subject to the satisfaction of a number of conditions precedent including but not limited to the approval of the Merger by the Shareholders at the General Meeting. If Shareholders do not approve the Merger at the General Meeting or if the other conditions to the Merger are not satisfied (or waived) where applicable, the Merger will not complete.

The Combined Group may not be able to fully realise the benefits of the Merger

The Combined Group's success will partially depend upon the Company's ability following the Merger to integrate the Porta Group without significant disruption to its business. Although the Directors believe that such disruption is unlikely, issues may come to light during the course of integrating the Porta Group into the Combined Group that may have an adverse effect on the financial condition and results of operations of the Combined Group. There is no assurance that the Company will realise the potential benefits of the Merger including, without limitation, recurring revenue from the Porta Group to the extent and within the time frame contemplated. If the Company is unable to integrate the Porta Group successfully into the Combined Group then this could have a significantly negative impact on the results of operations and/or financial condition of the Combined Group. The Combined Group's success will partially depend on there being no adverse change in the Porta Group between the date of this document and the date of the completion of the Merger.

2. RISKS RELATING TO THE COMBINED GROUP

Exposure of the Group to economic conditions

Demand for the Combined Group's services may be significantly affected by the general level of economic activity and economic conditions in the regions and Sectors in which the Group operates. Therefore, an actual or perceived economic downturn, especially in regions or Sectors where the Group's operations are focused, could have a material adverse effect on the Combined Group's business and financial results. In addition, there may be a delay between the occurrence of an actual or perceived threat of economic downturn and the impact this could have on the Combined Group's financial results.

The Combined Group is reliant on key executives and personnel

The Combined Group's business, development and prospects are dependent upon the continued services and performance of its Directors, in particular Fiorenzo Tagliabue, Tom Parker, Eric Giuily, Paola Ambrosino, Emma Kane, Brian Tyson and key personnel.

The experience and commercial relationships of the Combined Group's Directors and key personnel help provide the Combined Group with a competitive edge. The Directors believe that the loss of services of any existing key executives for any reason, or failure to attract and retain necessary personnel, could adversely impact the business, development, financial condition, results of operations and prospects of the Combined Group.

Acquisition strategy

The Combined Group employs an acquisition strategy whereby it seeks bolt-on acquisitions. A result of this is an ever-increasing number of management teams within the relevant Group which require oversight by the Board. Additionally, and despite following the acquisition criteria outlined in this document, there remains the risk that all acquisitions may not be accretive. There is a risk related to the Combined Group's ability to accurately identify suitable targets and to successfully execute transactions for such a strategy. As consideration for such acquisitions, the Company may seek to issue additional Ordinary Shares. There can be no guarantee that sellers of target companies, businesses or assets will be prepared to accept shares traded on AIM as consideration, and this may limit the Combined Group's ability to grow its activities and pursue its strategy. The difficulties involved in integrating any companies, businesses or assets acquired by the Combined Group may divert financial and management resources from the Combined Group's core business, which could adversely affect the Combined Group's business, financial condition and operating results.

Reliance on subcontractors

The Group sometimes utilises subcontractors on a project-by-project basis to meet its contractual obligations from time to time. Such projects will rely on the subcontractors performing their duties and obligations, not only in terms of timely delivery but also in terms of their performance obligations. Any such non-performance may result in time and cost over-run of the Combined Group's projects and reduce the value of the Combined Group's returns.

Time of large contracts

The Combined Group's revenues are generated from a mix of longer and shorter lead time contracts for services.

The timing of order placement and delivery of the larger contracts for services are inherently difficult to predict potentially causing material fluctuations in actual results compared with expectations or plans.

Competition for investment

The Combined Group may face significant competition from both domestic and international competitors who have greater capital, greater resources and superior brand recognition than the Combined Group and who may be able to provide better services, adopt more aggressive pricing policies or pay higher prices to acquire businesses. There is no assurance that the Combined Group will be able to compete successfully in such an environment.

Internal controls

Future growth and prospects for the Company will depend on the Directors' ability to manage the business of the Combined Group and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Combined Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

Quality of the Group

The Combined Group's success is correlated to the reputation of its services to its clients. The Combined Group's results, therefore, depend on its ability to maintain the quality of its services, as well as on the maintenance of a strong image of its brands. Any failure to guarantee the quality of its services could have material adverse effects on the Combined Group's reputation, which could harm its business, financial condition, and operating results.

Reputation is important in winning contracts with both new and existing customers

The Combined Group's reputation, in terms of the services it provides and the way in which it conducts its business, is central to the Combined Group winning contracts with both new and existing customers. Failure to meet the expectations of these customers and other business partners may have a material adverse effect on the Combined Group's reputation, business, prospects, results of operation and financial condition. The Combined Group's future revenue growth and the contracts it wins depend on its ability to provide customers with a high quality of service. If the Combined Group is unable to provide customers with a high quality of service, it could face customer dissatisfaction, leading to decreased demand for its services, a loss of revenue and damage to the Combined Group's reputation.

Expansion through acquisitions entails certain risks

Part of the Combined Group's strategy involves expanding its business through acquisitions of other businesses. Such acquisitions will require the integration of new operations into the Combined Group's business. The Combined Group's ability to realise the expected benefits from future acquisitions will depend, in large part, upon its ability to integrate new operations with existing operations in a timely and effective manner and to manage an increasingly large business. It will also potentially depend upon the Combined Group's ability to recruit additional management as it cannot be assumed that management of acquired businesses will continue to work for the Combined Group in the longer-term, or that any of its recruiting efforts will succeed. In addition, the Combined Group's acquisition strategy will involve numerous risks, including the potential inability to identify appropriate acquisition opportunities, possible failures of acquisitions to be profitable or to generate anticipated cash flows, the entry into markets and geographic areas where the Combined Group has limited or no experience, diversion of management's time and resources from core operations and potential difficulties in integrating operations and systems with those of acquired companies.

Conglomerate of companies

The Company has a number of subsidiaries in various European countries, each of which typically maintain their own brand, working practices and systems and finance. Due to this conglomerate strategy, there is a risk that future corporate structure clashes, brand dilution and additional layers of management and administration could restrict realisation of full value in the Combined Group.

Change of government

Two of the clients of the Brussels based advocacy business (Cambre Associates SA) are governments.

Elections therefore create uncertainty over some of the contracts, as non-re-election of a government may mean that contracts cease to be renewed.

Intellectual property rights

Not all of the Combined Group's brand names are protected as registered trademarks. Third parties may infringe the Combined Group's intellectual property rights or try to challenge the validity of the Combined Group's intellectual property. Any litigation or dispute involving the scope or enforceability of the Combined Group's intellectual property rights or any allegation that it infringed upon the intellectual property rights of others could be costly and time-consuming, lead to a diversion of resources and result, if determined adversely to the Combined Group, in harm to its business, results of operations and financial condition.

Ordinary Shares

Currency risk

The Company reports its results in Euros, whilst it is expected that some of its costs and revenues will be denominated in currencies outside of its reporting currency. This may result in additions to the Company's reported costs or reductions in the Company's reported revenues. All or any of these factors may have a negative effect on the Combined Group's financial results and may therefore adversely affect the Group's financial condition. In addition, if the currencies in which the Combined Group earns its revenues and/or holds its cash balances weaken against the currencies in which it incurs its expenses, this could adversely affect the Combined Group's liquidity. The Combined Group does not currently undertake hedging and were the Combined Group to do so, such hedging would be based on estimates of liabilities and future revenues and may not fully eliminate the impact of future foreign currency exchange fluctuations.

Force majeure

The Combined Group's operation may be adversely affected by risks outside of its control including acts of terrorism, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosion or other catastrophes, epidemics or quarantine restrictions.

3. RISK RELATING TO THE COMPANY'S SECURITIES

General

An investment in the Ordinary Shares is only suitable for investors capable of evaluating the risks (including the risk of capital loss) and merits of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets and should only constitute part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in the Ordinary Shares and/or who have sufficient experience to enable them to evaluate the risks and merits of such investment themselves.

Share price volatility and liquidity

Following Admission, the market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment that may substantially affect the market price of the Ordinary Shares irrespective of the progress the Combined Group may make in terms of developing and launching its services or its actual financial, trading or operational performance. These factors could include the performance of the Combined Group, purchases or sales of the Ordinary Shares (or the perception that the same may occur, as, for example in the period leading up to the expiration of the restrictions contained in certain lock-in and orderly marketing arrangements), legislative changes and market, economic, political or regulatory conditions or price distortions resulting from limited liquidity. The share price for publicly traded companies, relatively small public companies, such as the Company, can be highly volatile. Admission to AIM should not be taken as implying that a liquid market for the Ordinary Shares will either exist, develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order even for a relatively small number of such Ordinary Shares.

Substantial sales of Ordinary Shares could cause the price of Ordinary Shares to decline

There can be no assurance that certain Directors or other Shareholders will not elect to sell their Ordinary Shares following the expiry of the lock-in arrangements, details of which are set out in paragraph 11.1.1.2 and 11.1.1.3 of Part VIII of this document, or otherwise. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the

Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

There is no guarantee that the Company's Ordinary Shares will continue to be traded on AIM

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

Investment in AIM traded securities

The Ordinary Shares will be traded on AIM rather than admitted to the Official List of the UK Listing Authority. AIM is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than those admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List, and may not reflect the underlying value of the Company. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and could lose their entire investment.

Issuance of additional Ordinary Shares

The Company may need to raise additional funds in the future to finance amongst other things, working capital, expansion of the business, new developments relating to existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity linked securities of the Company other than on a pro-rata basis to existing SEC Shareholders, the percentage ownership of the existing SEC Shareholders may be reduced. SEC Shareholders may also experience subsequent dilution and/or such Securities may have preferred rights, options and pre-emptions senior to the Ordinary Shares.

Dividends

It is the intention of the Directors to pay a modest annual dividend. However, the Company's ability to pay dividends to shareholders out of distributable profits is dependent on the Company's ability to receive funds for such purposes, directly or indirectly, from subsidiaries in a manner which creates distributable reserves for the Company. Furthermore, the Company's ability to pay dividends to shareholders is a function of the performance of investments and other factors that the Directors deem significant from time to time, such as capital requirements and general economic conditions. The Company's dividend policy is described in paragraph 12 of Part I of this document.

4. RISKS RELATING TO THE COMBINED GROUP'S OPERATIONS OVERSEAS

General

It is expected that a significant proportion of the Combined Group's revenues will be generated outside Italy. The Combined Group's business could therefore be adversely affected by changes in local and regional economic, political and social conditions or the policies of the relevant government, such as changes in laws and regulations, taxation and imposition of restrictions on currency conversion. In addition, the occurrence of war, public disorder, economic sanctions, terrorism and local or national strikes or labour unrest in any of the overseas locations in which the Group operates may disrupt or permanently prevent the Combined Group from operating in these locations or recovering its investment in whole or in part. The Combined Group's investments may be denominated in currencies other than Euro. Accordingly, fluctuations in exchange rates between Euro and the relevant local currency and the costs of conversion and exchange control may have an unfavourable effect on the profitability of such operations.

5. FINANCIAL RISKS

Revenue and profitability

The Company cannot guarantee that the Combined Group will be able to achieve or sustain revenue growth and achieve or sustain profitability in the future. If the Company is unable to achieve or sustain profitability, the business could be severely harmed. The Combined Group's operating results may fluctuate as a result of a number of factors, many of which are beyond its control. These factors include, amongst others, the growth rate of markets into which the Combined Group sells its services, market acceptance of and demand of its services and those of its customers and unanticipated delays, problems in the introduction of its services. If the Combined Group does not realise sufficient revenue levels to sustain profitability, it may require additional working capital and financing in the medium term, which may not be available on attractive terms, or at all.

PART V

HISTORICAL FINANCIAL INFORMATION ON SEC

The Company's audited financial information for the financial year ended 31 December 2018, the financial year ended 31 December 2017 and the financial year ended 31 December 2016 can be viewed on the Company's website at www.secglobal.com and is incorporated by reference in this document.

Shareholders or other recipients of this document may request a hard copy of the above information incorporated by reference from the Company by emailing the Company Secretary at vigano@secrp.com or by telephoning +39 02 6249991. A hard copy of the information incorporated by reference will not be sent to Shareholders or other recipients of this document unless requested.

PART VI

HISTORICAL FINANCIAL INFORMATION ON PORTA

Porta's audited financial information for the financial year ended 31 December 2018, the financial year ended 31 December 2017 and the financial year ended 31 December 2016 can be viewed on the Company's website at www.portacomms.com and is incorporated by reference in this document.

Shareholders or other recipients of this document may request a hard copy of the above information incorporated by reference from the Company by emailing the company Secretary at geneg@portacomms.com or by telephoning +44 (0) 20 7680 6500. A hard copy of the information incorporated by reference will not be sent to Shareholders or other recipients of this document unless requested.

PART VII

UNAUDITED PRO FORMA STATEMENT OF THE FINANCIAL POSITION OF THE COMBINED GROUP

The following unaudited *pro forma* statement of net assets of the Combined Group (the “*pro forma* financial information”) has been prepared to illustrate the effect on the consolidated net assets of the Combined Enlarged Group as if the Merger had taken place on 31 December 2018.

The *pro forma* financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Combined Group’s actual financial position or results.

The *pro forma* financial information is based on the consolidated net assets of the Combined Group as at 31 December 2018, initially combining the SEC Group and Porta Group audited consolidated financial statements for the year ended 31 December 2018 and has been prepared in a manner consistent with the accounting policies adopted by the Combined Group in preparing such information and on the basis set out in the notes set out below.

	SEC Group as at 31- Dec-18 (note 1) €'000	Porta Group as at 31- Dec-18 (note 2) €'000	Adjustments		Pro forma net assets of the Enlarged Group €'000
			Conversion of RGL debt (notes 3) €'000	Acquisition of Porta Group (note 4,5,6) €'000	
Assets					
Non-current assets					
Intangible assets	15,614	9,110	—	2,977	27,701
Tangible assets	780	1,012	—	—	1,792
Investments	1,252	10	—	(1,245)	17
Other assets	971	1,850	—	—	2,821
Other financial assets	66	—	—	—	66
Total non-current assets	18,683	11,982	—	1,732	32,397
Current assets					
Trade receivables	9,630	6,385	—	—	16,015
Other receivables	1,822	1,633	—	—	3,455
Financial investments	583	—	—	—	583
Cash and cash equivalents	5,220	2,882	—	(2,192)	5,910
Total current assets	17,255	10,900	—	(2,192)	25,963
Total assets	35,938	22,882	—	(460)	58,360
Liabilities					
Current liabilities					
Trade payables	(4,953)	(1,416)	—	—	(6,369)
Other payables	(2,739)	(5,490)	—	—	(8,229)
Loans and borrowings	(2,371)	(9,867)	5,901	—	(6,337)
Provisions	(565)	—	—	—	(565)
Total current liabilities	(10,628)	(16,773)	5,901	—	(21,500)

	Adjustments				Pro forma net assets of the Enlarged Group €'000
	SEC Group as at 31- Dec-18 (note 1) €'000	Porta Group as at 31- Dec-18 (note 2) €'000	Conversion of RGL debt (notes 3) €'000	Acquisition of Porta Group (note 4,5,6) €'000	
Non-current liabilities					
Employee benefits	(1,950)	—	—	—	(1,950)
Deferred tax liabilities	—	(445)	—	—	(445)
Other non-current liabilities	(6,803)	(882)	—	—	(7,685)
Borrowings	(4,592)	(4,173)	—	—	(8,765)
Total non-current liabilities	(13,345)	(5,500)	—	—	(18,845)
Total liabilities	(23,973)	(22,273)	5,901	—	(40,345)
Net assets	11,965	609	5,901	(460)	18,015

Notes:

- The net assets of the SEC Group have been extracted without material adjustment from the audited consolidated financial statements of the SEC Group for the year ended 31 December 2018.
- The net assets of the Porta Group at 31 December 2018 have been extracted without material adjustment from the audited consolidated financial statements of the Porta Group for the year ended 31 December 2018, translated at a rate of £1: €1.11258, being the prevailing rate at 31 December 2018.

Adjustments:

- An adjustment has been made to convert €5,900,833 (being £5,303,727 translated at a rate of £1: €1.11258, being the prevailing rate at 31 December 2018) of the RGL loan at 31 December 2018 into 530,372,743 new Porta Ordinary Shares. For the purposes of the *pro forma* financial information, it is assumed that the Conversion Shares will be issued in advance of the Merger completing but, in practice, the conversion of the RGL loan will occur immediately on acquisition of Porta.
- An adjustment has been made to reflect the estimated intangible assets arising on the acquisition of the Porta Group. For the purposes of this *pro forma* financial information, no adjustment has been made to the separate assets and liabilities of the Porta Group to reflect their fair value. The difference between the net assets of the Porta Group as stated at their book value at 31 December 2018 and the estimated consideration has therefore been presented as a single value in "Intangible assets". The net assets of the Porta Group will be subject to a fair value restatement as at the effective date of the Merger. Actual intangible assets included in the Enlarged Group's next published consolidated financial statements may therefore be materially different from that included in the *pro forma* statement of net assets.

	€'000
Initial Consideration held by the SEC Group at 31 December 2018 (note 6)	506
Consideration payable in SEC shares (note 7)	8,980
Total consideration	9,486
Book value of net assets of Porta Group as at 31 December 2018 (note 8)	6,510
Estimated intangible assets arising on the Merger	2,977

- The decrease in cash comprises estimated costs of the Merger of £1,967k (translated at a rate of £1: €1.114 being the prevailing rate at 3 July 2019).
- The investment in Porta of €1,245k, which is eliminated on consolidation, has been extracted from the audited consolidated financial statements of the SEC Group for the year ended 31 December 2018. The investment has been revalued to €506,000 using Porta's share price of 0.53p, being the closing price on 3 July 2019 (being the latest practicable date prior to publication of the admission document) and translated at a rate of £1: €1.114, being the prevailing rate at 3 July 2019.

7. Under the terms of the Scheme, released in the 2.7 Announcement on 11 June 2019, Scheme Shareholders will be entitled to receive 1 New SEC Share for every 88.4955752 Scheme Shares.

The consideration payable in SEC shares has been calculated as follows;

	Porta shares to be exchanged	Conversion ratio	New SEC shares to be issued	Value of SEC shares £	Value of investment (£'000)	Value of investment (€'000)
New SEC shares issued to Porta Shareholders	420,810,829 ^a	88.4955752	4,755,162	0.75	3,566	3,973
New SEC shares issued to replace RGL conversion shares	530,372,743 ^b	88.4955752	5,993,212	0.75	4,495	5,007
						8,980

a Porta shares in issue at 31 December 2018 (excluding shares held by SEC)

b Porta shares issued on conversion of the RGL loan. See note 3 for further details

The value of £0.75 per SEC share has been used above, being the closing price on 3 July 2019 (being the latest practicable date prior to publication of the admission document). The value of investment has been translated at a rate of £1: €1.114, being the prevailing rate at 3 July 2019.

8. The book value of net assets of Porta Group as at 31 December 2018 takes into account the adjustment described in note 3.
9. No account has been taken of the financial performance of either the SEC Group or the Porta Group since 31 December 2018 nor of any other event save as disclosed above.

PART VIII

ADDITIONAL INFORMATION

1 Responsibility statement

- 1.1 The Company, the Directors and the Proposed Directors accept responsibility for the information contained in this Admission Document, including individual and collective responsibility, for the Company's compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company, the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Admission Document is in accordance with the facts and makes no omission likely to affect the import of such information.

2 Incorporation and status of the Company

- 2.1 The Company was incorporated in Italy on 15 March 1989 as a limited liability company under the laws of the Republic of Italy with registration number 09628510159 and REA (Italian Business Registry code) number MI – 1308438 under the name SEC S.r.l.
- 2.2 On 28 December 2015, the Company was re-registered as a joint stock company, under the name of SEC S.p.A.
- 2.3 The Ordinary Shares of the Company were admitted to trading on AIM on 26 July 2016.
- 2.4 The Company is governed by its Articles and the principal legislation under which the Company operates is the Italian Civil Code.
- 2.5 The liability of the Shareholders of the Company is limited.
- 2.6 The registered office and the principal place of business of the Company is via Ferrante Aporti 8, Milan, 20125, Italy and its telephone number is +39 02 624999 1. The Company's main activity is that of the holding company of the SEC Group, whose activities are described more fully in Part I of this document.
- 2.7 The Company is domiciled in the Republic of Italy.
- 2.8 The term of the Company will expire (unless renewed) on 31 December 2050.
- 2.9 The Company's auditors are BDO Italia S.p.A.
- 2.10 The accounting reference date of the Company is 31 December.
- 2.11 The Company's website, which discloses the information required by Rule 26 of the AIM Rules for Companies, is <https://www.secglobal.com/investors>.

3 The Subsidiaries

- 3.1 The Company acts as the holding company of the Existing Group.

3.2 The Company has the following subsidiaries which are private limited companies:

Name	Country of Incorporation	Principal Activity	Percentage of issued share capital owned by the Company
HIT S.r.l	Italy	Event management organisation	57.71
SEC & Associati S.r.l	Italy	Professional services in public relations and advocacy	51.00
SEC Mediterranea S.r.l	Italy	Professional services in public relations	51.00
Della Silva Communications Consulting S.r.l ¹	Italy	Dormant Company	51.00
Curious Design S.r.l	Italy	Graphic and e web design, advertising and PR	75.00
Cambre Associates SA	Belgium	Government affairs, public affairs, advocacy public relations consultancy	76.00
ACH Cambre, Consejeros de Relaciones Publicas S.L	Spain	Professional services in public relations and advocacy	65.70
SEC and Partners S.r.l	Italy	Professional services in public relations, specifically in Financial Communication	50.50
Kohl PR & Partner Unternehmensberatung für Kommunikation GmbH	Germany	Professional services in public relations and advocacy	75.00
Newington Communications LTD	UK	Government affairs, public affairs, advocacy public relations consultancy	60.00
Martis Consulting sp z o.o	Poland	Professional services in public relations, specifically in Financial Communication	60.00
SEC+Latam Comunicaciones Estrategica SAS	Colombia	Professional services in public relations and advocacy	51.00
CLAI SAS	France	Professional services in advocacy and public relations	10.00 ²
SEC & Partners S.r.l ³	Italy	Dormant company	95.00

1 Della Silva Communication Consulting S.r.l. is currently in the process of undergoing voluntary liquidation.

2 The Company holds preferred shares in CLAI which represent 10% of the share capital of CLAI but which entitle the Company to exercise 50%+0.1 of the voting rights in respect of CLAI.

3 SEC & Partners S.r.l. is currently in the process of undergoing voluntary liquidation.

Assuming completion of the Merger, the Company will have the following additional subsidiaries, all of which are private limited companies (unless otherwise stated):

Name	County of Incorporation	Principal Activity	Percentage of issued share capital owned by the company
Porta Communications plc ¹	UK	Holding company	100.00
13 Communications Limited	UK	Dormant	100.00
21:12 Communications Limited	UK	Marketing and Advertising agency	74.00 ²
Impact PR Limited	UK	Public Relations & Public Affairs consultancy ²	100.00
EngageComm Pty Limited	Australia	Public Relations & Public Affairs consultancy	51.00
ICAS Limited	UK	Public Relations consultancy	100.00
Newgate Brussels SPRL	Belgium	Non-trading	100.00
Newgate Communications Limited	UK	Public Relations, Public Affairs & Research consultancy	100.00
Newgate Communications (Beijing) Limited	China	Public Relations & Public Affairs consultancy	80.00
Newgate Communications FZ-LLC	United Arab Emirates	Public Relations consultancy	76.00
Newgate Communications Germany GmbH	Germany	Non-trading	100.00
Newgate Communications Pty Limited	Australia	Public Relations, Public Affairs & Research consultancy	66.72
Newgate Communications (HK) Limited	Hong Kong	Public Relations & Public Affairs consultancy	80.00
Newgate Communications (Singapore) Pte. Ltd	Singapore	Public Relations & Public Affairs consultancy	51.00
Newgate Media Holdings Limited	UK	Intermediate holding company	100.00
Newgate PR Holdings Limited	UK	Intermediate holding company	100.00
Newgate Public Affairs Limited	UK	Dormant	100.00
Newgate Public Relations Limited	UK	Dormant	100.00
Newgate Sponsorship Limited	UK	Non-trading	85.00
Porta Australia Holdings Pty Limited	Australia	Intermediate holding company	51.00
Porta Communications Midco Holdings Limited	UK	Intermediate holding company	100.00
PPS (Local and Regional) Limited	UK	Dormant	100.00
Redleaf Polhill Limited	UK	Public Relations consultancy	100.00
Springall Gbr	Germany	Dormant	100.00
Velvet Consultancy Limited	UK	Dormant	100.00

¹ This company is a public limited company

² The company owns 100% of A shares which accounts for 60% of the issued share capital of 21:12 Communications Limited, and 35% of the B shares, which accounts for a further 40% of the issued share capital, giving the company an effective holding of 74%

4 Share capital of the Company

- 4.1 As at 3 July 2019 (being the latest practicable Business Day prior to the publication of this Admission Document), the Company's share capital comprised 13,502,533 Ordinary Shares (all of which were fully paid and none of which were held in treasury).
- 4.2 A history of the Company's share capital for the period from 1 January 2016 to 31 December 2018, being the period covered by the historical financial information on the Existing Group referred to Part 11, is set out below:
- 4.2.1 on 28 December 2015, a shareholders resolution authorised a bonus increase in the authorised share capital of the Company by €900,000 from €100,000 to €1,000,000 with the additional 900,000 shares being issued as fully paid and allocated to shareholders *pro rata* in accordance with their then existing shareholdings and subscribed for by using the corresponding amount of €900,000 from the Company's extraordinary share reserve account;
- 4.2.2 at an extraordinary shareholders meeting of the Company held on 9 June 2016, rep. 1675, public notary:
- 4.2.3.1 the 1,000,000 existing Ordinary Shares were sub-divided into 10,000,000 new Ordinary Shares on the basis of 10 new Ordinary Shares for every one existing Ordinary Share;
- 4.2.3.2 the authorised share capital of the Company was increased by such number of shares as was equal to a maximum nominal value of €416,600 divided into two tranches; the first tranche of a maximum nominal amount of €342,300 (equating to an authority from Shareholders for the Directors to issue a maximum amount of 3,423,000 new Ordinary Shares in connection with the IPO Placing) and the second tranche of a maximum nominal amount of €74,300 (equating to an authority from Shareholders to the Directors to issue a maximum amount of 743,000 Ordinary Shares in the future);
- 4.2.3.3 the authorised share capital of the Company was further increased by such number of shares as is equal to a maximum nominal value of €13,400 (equating to an authority from Shareholders for the Directors to issue a maximum amount of 134,000 new Ordinary Shares in connection with the WHI Warrant as more particularly set out in paragraph 4.8 of Part VIII of this document); and
- 4.2.3.4 the authorised share capital of the Company was further increased by such number of shares as was equal to a maximum nominal value of €67,500 (equating to an authority from Shareholders for the Directors to increase the share capital in accordance with Article 2443 of the Italian Civil Code and to issue a maximum amount of 675,000 new Ordinary Shares in connection with new Ordinary Shares to be issued to employees of the Company under its Stock Grant Plan).
- 4.2.4 on 26 July 2016, following the admission to trading on AIM, the Company's issued share capital increased 12,221,975 Ordinary Shares, with an increase of 2,221,975 Ordinary Shares;
- 4.2.5 following the announcement of the shareholder offer and placing made by the Company on 17 July 2018 (which closed on 3 August 2018) the Company issued 1,280,558 Ordinary Shares;
- 4.2.6 as at 31 December 2018 the Company's authorised share capital comprised 13,502,533 Ordinary Shares; and
- 4.2.7 as at 31 December 2018 the Company's issued share capital comprised 13,502,533 Ordinary Shares, none of which were held in treasury and all of which were fully paid.
- 4.3 The Company will seek, at the SEC General Meeting, shareholder authority in respect of the allotment and issue of the New Ordinary Shares to be issued pursuant to the Scheme and the New Ordinary Shares to be issued pursuant to the Conversion Shares Undertaking.
- 4.4 The following table contains the reconciliation of the number of Ordinary Shares outstanding at the beginning and end of the financial year of the Company which ended on 31 December 2018:

	<u>As at 1 January 2018</u>	<u>As at 31 December 2018</u>	<u>Difference</u>
Ordinary Shares	12,221,975	13,502,533	1,280,558

- 4.5 The following table shows the issued and fully paid share capital of the Company immediately prior to Admission:

	<u>Par Value (€)</u>	<u>Number of Ordinary Shares issued and credited as fully paid</u>
Ordinary Shares	0.1 unexpressed	13,502,533

- 4.6 Assuming completion of the Merger and the Conversion Shares Exchange, the issued and fully paid share capital of the Company immediately following Admission is expected to be, assuming 4,755,162 New Ordinary Shares are issued (subject to the rounding of fractional entitlements) pursuant to the Porta Scheme and 5,993,212 New Ordinary Shares are issued to Retro Grand Limited pursuant to the terms of the Conversion Shares Undertaking, as shown in the following table:

	<u>Nominal Value (€)</u>	<u>Number of Ordinary Shares issued and credited as fully paid</u>
Ordinary Shares	0.1 unexpressed	24,250,907

- 4.7 On 7 June 2016 the Board approved an incentive and retention plan for the employees of the Company and its subsidiaries, to be carried out through the free allocation of newly issued Ordinary Shares, obtained through a share capital increase in accordance with Article 2349, Paragraph 1 of the Italian Civil Code (the “**Stock Grant Plan**”). The right to receive the Ordinary Shares by the employees was subject to admission to trading on AIM on 26 July 2016 admission. According to the terms and conditions of the Stock Grant Plan, the beneficiary is entitled to receive (free of charge) the Ordinary Shares starting from the second year of IPO Admission. In particular the Stock Grant Plan is reserved for employees who, at the date of entitlement to receive the Ordinary Shares from the Company, have an existing employment contract with the Company (or any member of the Group). If the beneficiaries, for whatever reason, cease to have an employment contract with Company (or a member of the Group), the beneficiaries shall lose all rights to the assignment and delivery of the Ordinary Shares.

- 4.8 On admission to trading on AIM on 26 July 2016, the Company agreed to the issue of a warrant (the “**WHI Warrant**”) to WH Ireland Limited (“**WHI**”) to subscribe for such number of new Ordinary Shares in the Company as represented 1 per cent. of the fully diluted ordinary share capital of the Company immediately following IPO Admission, subject to a maximum of 134,000 Ordinary Shares to be subscribed for under the WHI Warrant. The WHI Warrant is exercisable for a period of 5 years from IPO Admission (and expires on 26 July 2021) and shall be exercisable at the same price (£1.51) per ordinary share as that paid by subscribers to the placing on the IPO Admission. The Company agreed that the WHI Warrant could be held by WHI for the benefit of its shareholders and/or employees. In the event that the expiration date of the exercise period referred to above falls within a “close” period of the Company the exercise period shall be extended for a further three months following the expiration of such close period.

5 Memorandum and Articles of Association

Under Italian law, the share capital of a joint stock company (*società per azioni*) may be represented either by shares “with par value” or by shares “without par value”. The Company’s Ordinary Shares are of no expressed par value.

For shares “without par value” the Articles must refer only to the subscribed capital and the number of shares issued, which implies that the shareholding of any single shareholder shall be expressed not as a monetary figure but as a percentage on the total amount of shares issued and the value of the shares is derived from the ratio between the total amount of authorised share capital and the number of issued shares (so called “unexpressed par value”).

The issuance of shares without par value introduces an instrument of administrative simplification allowing for greater flexibility in share capital transactions (free increase and reduction) and in operations on shares (stock split and reverse stock split). Specifically, without a par value the Company may increase its authorised share capital by issuing new shares with a lower par value than that of its then existing issued shares. In that situation, the Company may determine, with greater flexibility, the number of new shares to be issued, taking into account periods of market uncertainty and volatility.

Therefore, a variation only in the amount of the Company’s authorised share capital, not affecting the number of the shares issued, or a variation in the total number of shares issued, not affecting the amount of the Company’s authorised share capital, will determine a variation in the unexpressed par value of the issued shares.

The following is a summary of the Articles at the date of this Document. Where the Articles will be varied by the incorporation of certain amendments to the Articles, as detailed in paragraph 6.5 of this Part IV, this is indicated below.

The Articles, as last amended on 10 June 2019 contain, *inter alia*, provisions to the following effect:

5.1 Objects

The objects of the Company, as set out in Article 3 of its Articles, are the design, development and realisation of communication services for enterprises, organizations, institutions and persons.

5.2 Pre-emption Rights

According to the Italian law, any capital increase generally entails the granting of a pre-emption right on newly issued shares in favour of shareholders and holders of convertible bonds, in order to limit the dilution. The pre-emption right may be exercised through a specific procedure according to which, *inter alia* (i) the new shares will be offered to all shareholders (ii) shareholders can also elect to subscribe non-opted shares (iii) eventually, the shares can be offered to third parties. In particular, the offer of option shall be filed with the companies register; then, a term of no less than 15 calendar days from the publication of the offer shall be granted for the exercise of the option rights by existing shareholders. Shareholders who exercise the option right have a pre-emption right for the subscription of the remained non-opted shares (through the submission of a specific request while exercising the option right). If there are still unsubscribed shares, the Board of Directors can freely place them. However, pursuant to article 2441 of the Italian civil code, the pre-emption right may be excluded or limited in specific cases.

5.3 Voting Rights

Shareholders with voting rights are entitled to attend the shareholders’ meetings. Entitlement to the exercise of voting rights of shares admitted to trading on regulated markets or European multilateral trading systems is subject to the applicable legislative and regulatory provisions. The shares in the Company will carry the right to vote. The issuer’s major shareholders do not have different voting rights to any other shareholder.

5.4 **Major Shareholders**

Shareholders owning or becoming owners of a number of shares equal or greater than 3% (three per cent) of the issued share capital of the Company shall notify the Company without delay, and shall disclose to the Company any changes in such shareholdings if they shall increase or decrease through one single percentage point.

5.5 **Transfer of Shares**

Shares are registered, indivisible and dematerialised and entered into the centralised management system for financial instruments. There are no restrictions on the transfers of shares which are freely transferrable and may be traded on multilateral trading facilities such as AIM.

5.6 **Requirement to Disclose Interests in Shares**

The Company may request, at any time and at its own expense, that nominee shareholders, in accordance with the procedures provided for by the legislative and regulatory provisions in force from time to time, provide the personal details of the beneficial owners of the shares who have not expressly prohibited their communication, together with the number of shares registered in the nominees' accounts in their names. Moreover, the Company is obliged to make the same request to such nominees upon request of one or more shareholders representing, alone or together with other shareholders, at least 5 per cent. of the issued share capital of the Company with voting rights at the ordinary shareholders' meeting, such holdings to be proved by filing the appropriate certifications with the Company. The Company must make a disclosure to the market once a request for details of such Shareholders has been made either at the request of the Company itself or by the Company following a request by Shareholders, disclosing, where applicable and respectively, the relevant reasons and as well as the identity and overall shareholdings of the requesting Shareholders. The data received from the nominee Shareholders will be made available to all Shareholders without cost to them.

5.7 **General Meetings**

Shareholders' meetings are either ordinary or extraordinary and under Italian law there is no distinction between ordinary resolutions and special resolutions. Both ordinary and extraordinary shareholders' meetings are usually called by the board of directors, but Italian law – in particular circumstances – expressly provides that a shareholders' meeting may be called in a different manner. The notice of meeting must contain at least the indication of the date, time and venue of the meeting, together with the list of items to be discussed. The meeting is convened with a notice published in the Gazzetta Ufficiale della Repubblica or in at least one of the following newspapers: "Italia Oggi" or "MF-Milano Finanza" and on the Company's website, at least 15 (fifteen) days before the date set for the meeting on first call. The Company shall as well provide the shareholders with a hard copy of the notice, in compliance with UK Company Act of 2006. Any persons entitled to vote can attend shareholders meetings.

Ordinary shareholders' meeting

An ordinary shareholders' meeting may be convened to authorise (i) approval of the Company's annual accounts; (ii) appointment or removal of the directors, appointment of the statutory auditors, and appointment of the auditors; (iii) the amount of the compensation for directors and statutory auditors (unless such amounts are already set forth in the Articles), as well as the compensation of the auditors; (iv) purchase and disposal of the Company's own shares, and (v) legal proceedings against directors or statutory auditors for violation of their fiduciary duties.

An ordinary shareholders' meeting must be convened at least once a year within 120 days from the end of the financial year; the Articles can increase such term up to 180 days when the Company is required to draw up consolidated financial statements or when required by the particular circumstances concerning the structure and purpose of the Company.

The notice convening the ordinary shareholders meeting can include an ability to convene a second meeting in the event that the first meeting is inquorate because it does not meet the minimum quorum requirement set forth by Italian law. (ie: where shareholders present at the first meeting do not represent Shareholders holding an aggregate at least one-half of the Company's issued share capital entitling them to attend and vote at the meeting).

In particular, at the first meeting, the ordinary shareholders' meeting (a) is duly held with the presence of shareholders representing at least one-half of the Company's issued share capital, and (b) adopts resolutions with the favorable vote of the majority of the represented share capital or the higher quorum set out in the Articles; in the second call, the ordinary shareholders' meeting, regardless of the amount of share capital represented at the meeting, adopts resolutions with the favorable vote of the majority of the represented share capital. There is no minimum quorum requirement for holding ordinary shareholders' meetings in the second call.

If the notice convening the ordinary shareholders' meeting does not include the ability to convene a second meeting in the event that the first meeting is inquorate (where shareholders present at the first meeting do not represent shareholders holding in the aggregate at least one-half of the Company's share capital entitling them to attend and vote the meeting must be convened again).

Extraordinary shareholders' meeting

An extraordinary shareholders' meeting may be convened to authorise, *inter alia*, (i) any amendment of the Articles, (ii) appointment or removal of liquidators, (iii) capital increases and reductions, (iv) mergers and demergers, and (v) any other matter expressly provided by the law or the Articles.

The notice calling the extraordinary shareholders' meeting can include an ability to convene a second meeting (and a third one for companies having access to capital markets) in the event that the first meeting is inquorate because it does not meet the minimum requirement set forth by Italian law. (i.e.: where shareholders present at the first meeting do not represent shareholders holding an aggregate at least one-half of the Company's issued share capital entitling them to attend and vote at the meeting)

In particular, at the first meeting, the extraordinary shareholders' meeting (a) is duly held with the presence of shareholders representing at least one-half of the Company's share capital or the higher quorum set out in the Articles, and (b) adopts resolutions with the favourable vote of at least two-thirds of the represented share capital. If the shareholders present at the first meeting do not represent in the aggregate the portion of capital required, the extraordinary shareholders meeting must be called again. In the second call, the extraordinary shareholders' meeting (a) is duly held with the presence of shareholders representing at least one-third of the Company's share capital or the higher quorum set out in the by-laws, and (b) adopts resolutions with the favourable vote of at least two-thirds of the represented share capital in the meeting.

Cases where the Shareholders' prior approval is required

As long as the Company's shares are admitted to trading on a multilateral trading facility, the prior ordinary shareholders' meeting approval is required, pursuant to Article 2364, first paragraph, no. 5) of the Italian Civil Code, in the following cases:

- acquisition of shareholdings or companies or other assets that constitute a reverse takeover under Rule 14 of the AIM Rules for Companies;
- sale of shareholdings or companies or other assets that constitute a fundamental change of business under Rule 15 of the AIM Rules for Companies; and
- cancellation of admission of the Company's shares on AIM pursuant to Rule 41 of the AIM Rules for Companies. The delisting must be approved by not less than 75% (seventy five per cent) of the votes of the shareholders attending the meeting, or by the different percentage set forth in the AIM Rules for Companies.

These provisions were adopted on 10 June 2019.

The Articles impose no more significant conditions than the conditions which are required by law in respect of the action which is necessary to change the rights of holders of SEC shares.

5.8 **Takeovers and mandatory bid requirements**

From the time and while the Company's shares are admitted to trading on AIM UK, the provisions set out in Articles 106, 108 and 109 of Italian Consolidated Law on Finance and the applicable Consob regulations will apply on a voluntary basis.

If a shareholder reaches the 30% threshold provided for by Article 106 of the Italian Consolidated Law on Finance he shall launch a mandatory tender offer on all the outstanding shares of the Company. If the above-mentioned threshold is reached and the shareholder does not inform the Company and does not launch the mandatory tender offer is provided the suspension of the voting right for the entire shareholding, which may be ascertained at any time by the Board of Directors.

Therefore, shareholders who, as a result of new purchases, either individually or in concert with other shareholders, exceed the threshold of 30% of the voting rights will be required to promote a mandatory takeover bid, as well as acquiring residual shareholdings in the event of an excess of 90% (and failure to rebuild the free float).

Paragraph 16 of Part I contains a detailed summary of the basis on which takeover offers for the Company will be regulated.

5.9 **Squeeze-out and sellout rules in relation to the Ordinary Shares**

If as a result of takeover bid, the bidder holds at least 95% of the share capital of the Company, the bidder shall be committed to squeeze-out the remaining securities, should any Shareholder so request ("**Squeeze out**").

Except as provided above, any shareholder holding a quota exceeding 90% of share capital shall be committed to squeeze-out the remaining securities held by any other Shareholder unless a sufficient float to ensure regular trading is restored within 90 days ("**Sell out**").

Where Squeeze out applies, and in cases of Sell out (in which the holding indicated is reached solely as a result of a global takeover bid,) the price is equal to that of the previous global takeover bid provided that, in the case of a voluntary takeover bid, as a result of said bid the bidder has acquired securities that represent not less than 90% of the share capital with voting rights included in the bid.

Otherwise, the price shall be established by an Italian Court considering any previous offer price or the market price in the half-year prior to announcement of the bid or prior to the acquisition giving rise to the commitment.

Where Squeeze out applies, and in cases of Sell out (in which the holding indicated is reached solely as a result of a global takeover bid), the price shall be paid in the same means of the previous takeover bid, but the holder of the securities may still demand full payment in cash.

5.10 **Constitution of Board of Directors**

The Company's administration is entrusted to a Board composed of an uneven number of members which shall not be lower than 3 (three) and not higher than 11 (eleven). Each director shall remain in office for the period fixed by the shareholders' meeting that approved their appointment, up to a maximum of 3 (three) financial years, and may be reappointed. The number of board members and their term of office are decided by a shareholders' meeting.

At least one (1) of the Board members must meet the independence requirements provided for by the UK Corporate Governance Code.

The Board of Directors may also appoint one or more committees with consulting and advisory functions, determining their duties and powers.

5.11 **Directors' Remuneration**

The ordinary shareholders' meeting is entitled to determine a total amount for the remuneration of all directors, including the executive directors.

5.12 **Board of Statutory Auditors**

The board of statutory auditors is composed of three effective members and two substitute members, who will remain in office up to a maximum of 3 (three) financial years. The statutory auditors must satisfy the requirements of integrity, professionalism and independence provided by Italian law.

5.13 **Dividends**

At the end of each financial year, the administrative body prepares a report on the financial statements in accordance with applicable law.

The net profits resulting from the balance sheet, after deduction of at least 5% (five per cent) for allocation to the legal reserve until it reaches one-fifth of the share capital, may be distributed among shareholders in proportion to the shareholding held by each of them, unless the shareholders' meeting decides otherwise.

5.14 **Classes of Shares**

At the time of the Admission Document, the Company has issued only ordinary shares. No conversion or redemption right is provided.

The Company may issue other classes of shares and financial instruments, including bonds and convertible bonds, "cum warrants" and "warrants", if they comply with the requirements under applicable laws.

The Company may also issue participatory financial instruments, with equity and/or administrative rights, in accordance with the applicable provisions. The issue of such financial instruments is entrusted to the Board, without prejudice to the extraordinary shareholders' meeting authority in the event of issue of financial instruments in favour of the employees of the Company or of its subsidiaries, pursuant to Article 2349 of the Italian Civil Code.

The resolution approving the issue shall establish, *inter alia*, the characteristics of the financial instruments, specifying in particular the rights conferred by them, the sanctions in case of non-fulfilment of the promised performance and, if allowed, the conditions regulating their transfer.

Shares may also be issued through the conversion of other classes of shares.

- 5.15 Ordinary shares are financial instruments that provide their holders with a residual interest claim over the value remaining of a liquidated company after its assets have been sold and all other claims on the Company have been discharged.

6 Interests of the Directors

- 6.1 The interests of the Directors and the Proposed Directors and their immediate families and the persons connected with them in the issued share capital of the Company or the existence of which could, with reasonable diligence, be ascertained by any director as at 3 July 2019 (being the latest practicable date prior to the publication of this document) and as expected to be immediately following Admission are as follows:

as at 3 July 2019 (being the latest practicable date prior to the publication of this document)

Immediately following Admission

Name	as at 3 July 2019 (being the latest practicable date prior to the publication of this document)			Immediately following Admission		
	No. of Ordinary Shares	% of Issued Share Capital	No. of Ordinary Shares over which Options are granted	No. of Ordinary Shares	% of Issued Share Capital ⁽²⁾	No. of Ordinary Shares over which Options are granted
Fiorenzo Tagliabue	8,920,100 ⁽¹⁾	66.06	nil	8,920,100 ⁽¹⁾	36.77	nil
Anna Milito	nil	nil	nil	nil	nil	nil
Tom Parker	nil	nil	nil	nil	nil	nil
Mark Glover (3)	nil	nil	nil	nil	nil	nil
Luigi Roth	nil	nil	nil	nil	nil	nil
David Mathewson	nil	nil	nil	nil	nil	nil
Paola Bruno	nil	nil	nil	nil	nil	nil
John Foley	nil	nil	nil	64,015	0.26	nil
Emma Kane	nil	nil	nil	256,470	1.06	nil
Brian Tyson ⁽⁴⁾	nil	nil	nil	51,241	0.21	nil
Rhydian Bankes	nil	nil	nil	1,412	0.01	nil

(1) This includes 647,000 Ordinary Shares which are held by his wife Silvia Mazzuca.

(2) Assuming 4,755,162 New Ordinary Shares are issued in connection with the Merger and 5,993,212 New Ordinary Shares are issued pursuant to the Conversion Shares Undertaking.

(3) Mark Glover has the right, subject to certain terms and conditions, to exchange the shares which he holds in Newington Communications Limited for Ordinary Shares in the Company pursuant to the terms of a shareholders' agreement dated 12 September 2016 entered into between, among others, the Company and Mark Glover.

(4) This includes 38,423 Ordinary Shares held by Tyson Nominees Pty Limited, which is a discretionary trust of which Brian Tyson and, his wife, Cath Tyson are directors and 12,818 Ordinary Shares held by Tyson Family Pension Fund which is a self-managed superannuation fund of which Brian Tyson and, his wife, Cath Tyson are directors.

- 6.2 Save as disclosed above, none of the Directors or the Proposed Directors (nor persons connected with the Directors nor the Proposed Directors) has any interest, whether beneficial or non-beneficial, in any share or loan capital of the Company.
- 6.3 There are no outstanding loans granted or guarantees provided by any company in the SEC Group to or for the benefit of any of the Directors or any Proposed Director.
- 6.4 Save as disclosed above, and save as otherwise disclosed in this Admission Document, none of the Directors or the Proposed Directors has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the SEC Group taken as a whole and which was effected by the SEC Group since its incorporation and which remains in any respect outstanding or under-performed.
- 6.5 None of the Directors nor any Proposed Director or any person connected with them is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares including a contract for difference or a fixed odds bet).

7 Directors' service agreements and letters of appointment

7.1 Executive Directors

All executive directors were appointed by the shareholders' meeting held on 10 June 2019. The appointments of John Foley, Emma Kane, Brian Tyson and Rhydian Bankes were conditional upon Admission occurring.

The term of the current Directors is due to expire upon the approval of the financial statements at 31 December 2021, at which time they will be eligible for re-election by the Shareholders.

7.1.1 **Fiorenzo Tagliabue (Chief Executive Officer)**

Fiorenzo Tagliabue entered into an agreement with the Company on 20 July 2016, conditional upon and with effect from IPO Admission, for an initial fixed term of 12 months from IPO Admission (“**Expiry Date**”), and thereafter subject to termination on 6 months’ notice by either party, such notice to expire on or after the Expiry Date. Mr Tagliabue currently receives an annual salary of €145,000 payable monthly in arrears. The contract can be terminated at any time by the Company making a payment to Mr Tagliabue in lieu of notice within 28 days of termination. The payment in lieu of notice will be equal to the basic salary (as at the date of termination), to which Mr Tagliabue would have been entitled to receive until the Expiry Date (but excluding any bonuses, commission payments or benefits to which he would have otherwise been entitled during the period for which payment in lieu is made).

7.1.2 **Tom Parker (Deputy Chief Executive Officer)**

Tom Parker entered into an agreement with the Company on 20 July 2016, conditional upon and with effect from IPO Admission, for an initial fixed term of 12 months from IPO Admission (“**Expiry Date**”), and thereafter subject to termination on 6 months’ notice by either party, such notice to expire on or after the Expiry Date. Mr Parker will not receive an annual salary in his capacity as an executive director but will be remunerated as an employment consultant under a services contract at a rate of €180,000 (plus VAT) per annum. The contract can be terminated at any time by the Company making a payment to Mr Parker in lieu of notice within 28 days of termination. The payment in lieu of notice will be equal to the basic salary (as at the date of termination), to which Mr Parker would have been entitled to receive until the Expiry Date (but excluding any bonuses, commission payments or benefits to which he would have otherwise been entitled during the period for which payment in lieu is made).

7.1.3 **Mark Glover (Executive Director)**

Mark Glover will continue to be employed by Newington Communications Limited, where Mr Glover has been employed since 1 July 2010 as a director under a permanent contract of employment and later a signed deed of variation. The contract may be terminated by either party not giving less than 3 months’ notice in writing. Notwithstanding, the contract provides for summary termination, as well as payment in lieu of basic salary and garden leave provisions. Mr Glover’s fixed annual salary as at September 2016 is £100,000. He is also entitled to a variable salary of up to £50,000 per year based on the performance of the business and subject to certain criteria being met. Mr Glover is entitled to a discretionary bonus. The contract contains confidentiality provisions (which apply both during and post termination of employment), as well as a suite of restrictive covenants, which apply post-employment.

7.1.4 **Emma Kane (Deputy Chief Executive Officer)**

Emma Kane has, subject to the Admission, agreed to act as a director of the Company pursuant to a letter of appointment dated 5 July 2019.

She has been Joint Chief Executive Officer of Porta and Chief Executive Officer of Newgate Communications Limited with effect from 27 April 2018. The appointments are terminable by either party on a months’ notice. Ms Kane is paid a basic annual salary of £405,000.

7.1.5 **Brian Tyson (Deputy Chief Executive Officer)**

Brian Tyson has, subject to the Admission, agreed to act as a director of the Company pursuant to a letter of appointment dated 5 July 2019. Separately, Mr Tyson has been employed by Newgate Communications PTY. Limited since 1 June 2013 as the Managing Partner under a permanent contract of employment. His contract may be terminated by either party not giving less than 6 months’ notice in writing. Notwithstanding, the contract provides for summary termination, as well as payment in lieu of basic salary and garden leave provisions. Mr Tyson’s annual salary as at March 2019 is A\$606,118 in addition to £11,300 superannuation. This includes a 9.5 per cent. SGC superannuation. The contract contains confidentiality provisions and restrictive covenants, which apply both during and post termination of employment.

7.1.6 **Rhydian Bankes (Group Chief Financial Officer)**

Rhydian Bankes has, subject to the Admission, agreed to act as a director of the Company pursuant to a letter of appointment dated 5 July 2019. He will continue to be employed by Porta, where he has been employed since 4 January 2016 initially as the Group Financial Manager and most recently as the Chief Financial Officer under a permanent contract of employment. His contract may be terminated by either party not giving less than 3 months' notice in writing. Notwithstanding, the contract provides for summary termination, as well as payment in lieu of basic salary and garden leave provision. Mr Bankes' annual salary is £190,000. Mr Bankes is also entitled to a suite of benefits (including company sick pay, a discretionary bonus, pension, and private medical insurance). The contract contains confidentiality provisions (which apply both during and post termination of employment) and a restrictive covenant covering non-solicitation of employees (which applies post-employment).

7.1.7 **Anna Milito (Chief Financial Officer)**

Anna Milito entered into an agreement with the Company on 20 July 2016, conditional upon and with effect from IPO Admission, for an initial fixed term of 12 months from IPO Admission ("**Expiry Date**"), and thereafter it may be terminated on 6 months' notice by either party, such notice to expire on or after the Expiry Date. Mrs Milito will not receive an annual salary in her capacity as an executive director but will be remunerated as an employee under an Italian employment contract at a rate of €57,036 per annum. The contract can be terminated at any time by the Company making a payment to Mrs Milito in lieu of notice within 28 days of termination. The payment in lieu of notice will be equal to the basic salary (as at the date of termination), to which Mrs Milito would have been entitled to receive until the Expiry Date (but excluding any bonuses, commission payments or benefits to which he would have otherwise been entitled during the period for which payment in lieu is made).

7.2 **Non-Executive Directors**

All non-executive directors were appointed at the AGM held on 10 June 2019. The appointment of Mr Foley is conditional upon Admission occurring.

The term of the current Directors is due to expire upon the approval of the financial statements at 31 December 2019, at which time they will be eligible for re-election by the Shareholders.

7.2.1 **Luigi Roth**

Luigi Roth has agreed to act as a non-executive Deputy Chairman of the Company pursuant to a letter of appointment dated 5 July 2019. Mr Roth will receive an annual fee of £30,000. The appointment may be terminated by either party giving one month's written notice.

7.2.2 **David Mathewson**

David Mathewson has agreed to act as a non-executive director of the Company pursuant to a letter of appointment dated 20 July 2016. He will receive an annual fee of £30,000. The appointment may be terminated by either party giving one month's written notice.

7.2.3 **Paola Bruno**

Paola Bruno was appointed as a non-executive director of the Company on 28 February 2017. She subsequently entered into a letter of appointment dated 5 July 2019. She will receive an annual fee of £30,000. The appointment may be terminated by either party giving one month's written notice.

7.2.4 **John Foley**

John Foley has, subject to the Admission, agreed to act as a non-executive chairman of the Company pursuant to a letter of appointment dated 5 July 2019. He will receive an annual fee of £30,000. The appointment may be terminated by either party giving one month's written notice.

7.3 Save as disclosed above, there are no service contracts in existence or proposed between any Director and the Company or any company in the Combined Group.

8 Additional information on the Directors

8.1 The names of all companies (excluding companies in the Existing Group and the Porta Group) and partnerships of which the Directors have been a director or partner at any time in the five years preceding the date of this Admission Document and indicating whether they are current or past are set out below:

Fiorenzo Tagliabue (Aged 69)

Current Directorships/Partnerships:
N/A

Past Directorships/Partnerships:
N/A

Anna Milito (Aged 48)

Current Directorships/Partnerships:
N/A

Past Directorships/Partnerships:
N/A

Paola Bruno (Aged 52)

Current Directorships/Partnerships:
Augmented Finance Ltd
Creval Bank S.p.A.
Alerion Clean Power S.p.A.
Retelit S.p.A.
PBruno LLP

Past Directorships/Partnerships:
Inwit S.p.A.
DoBank S.p.A.
7 Gloucester Street Management Ltd

David Mathewson (Aged 72)

Current Directorships/Partnerships:
ECSC Group plc
Melchbourne Park Management Limited
Bioflow Ltd

Past Directorships/Partnerships:
Macromac Plc
Rightster Group Plc
Velyco Group PLC

Tom Parker (Aged 46)

Current Directorships/Partnerships:
N/A

Past Directorships/Partnerships:
N/A

Mark Glover (Aged 53)

Current Directorships/Partnerships:
N/A

Past Directorships/Partnerships:
N/A

Luigi Roth (Aged 79)

Current Directorships/Partnerships:
Alba Leasing S.p.A.
Equita SIM S.p.A.
Arriva Italia S.r.l.
Alkimis SGR S.p.A.

Past Directorships/Partnerships:
Terna S.p.A.
NTV S.p.A.
Pirelli & C. S.p.A.

John Foley (Aged 63)

Current Directorships/Partnerships:
Premier Technical Services Group plc
Servoca plc
Penta Consulting Ltd
Ensco 835 Ltd

Past Directorships/Partnerships:
Elequip Holdings Limited
Coomspeck Limited

Emma Kane (Aged 52)

Current Directorships/Partnerships:
Branscombe's Limited
Nightingale Hammerson Trustee Company Limited
Target Ovarian Cancer
The Barbican Centre Trust Limited
Les Aldrich Music Limited
Roslake Farms LLP
The Close Film Sale and Leaseback (2004/5) LLP
Hera Films LLP

Past Directorships/Partnerships:
Folio Rouge Limited
Grange Park Opera
MyIsrael
RCL 2010 Limited
The Wiener Library
Children of St Mary's Intensive Care Charitable Trust

Brian Tyson (Aged 55)

Current Directorships/Partnerships:
Clontarf Foundation
Committee for Sydney Incorporated
Sydney Swans AFL Club

Past Directorships/Partnerships:
Gavin Anderson & Company
Temple Executive Recruitment

Rhydian Bankes (Aged 36)

Current Directorships/Partnerships:
N/A

Past Directorships/Partnerships:
N/A

8.2 None of the Directors has:

8.2.1 any unspent convictions in relation to indictable offences;

8.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;

8.2.3 save as disclosed in this paragraph 8.2.3, been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director:

8.2.3.1 Fiorenzo Tagliabue is a director of Della Silva Communication Consulting S.r.l., which is currently in the process of undergoing voluntary liquidation, which Fiorenzo Tagliabue regards as the natural conclusion of the life of that company in the ordinary course of its business and for which he will assume no liability;

8.2.3.2 Fiorenzo Tagliabue was a director of SEC & Partners S.r.l., which is currently in the process of undergoing voluntary liquidation, which Fiorenzo Tagliabue regards as the natural conclusion of the life of that company in the ordinary course of its business and for which he will assume no liability. He ceased to be a director of SEC & Partners S.r.l. on 27 February 2017.

8.2.3.3 David Mathewson was appointed a director of Corsie Group plc ("Corsie") on 1 March 2006, a position from which he resigned on 29 April 2008. Corsie entered administration on 9 May 2008. On 9 November 2009 Corsie exited administration and was dissolved on 22 October 2010; David Mathewson was appointed a director of Martin Currie High Income Trust plc ("MCHIT") on 15 July 1998. MCHIT entered voluntary creditors liquidation on 24 June 2005 and was dissolved on 9 June 2007. At the time of winding up MCHIT's lenders, Bank of Scotland, agreed that in return for MCHIT paying to it substantially all of the proceeds of sale of MCHIT's remaining investments, it would forego rights to proceed against MCHIT for the full amount due to it. MCHIT disposed of its remaining investments and retained an amount sufficient to satisfy the known claims of other creditors and the costs of the voluntary winding up and paid the remaining proceeds of disposal to Bank of Scotland;

- 8.2.3.4 John Foley was a director of Elequip Holdings Limited (“Elequip”), resigning from the board following a buy-in by a private equity house. The group was subsequently restructured before a debenture holder exercised its security, which led to the group entering into administration proceedings. John Foley was appointed a director of Elequip on 1 June 2000, a position from which he resigned on 24 August 2003. Elequip was then dissolved on 26 November 2008;
- 8.2.3.5 On 13 May 2008, Hat Pin Plc, of which John Foley was a director, was placed into administration. Hat Pin Plc was subsequently placed into creditor’s voluntary liquidation on 6 May 2009. The liquidation is now complete and Hat Pin Plc was dissolved on 27 February 2015;
- 8.2.3.6 John Foley was appointed a director of Classworld Limited (“Classworld”) on 4 June 1997, a position from which he resigned on 18 December 1998. Classworld was then dissolved on 1 May 2002. Classworld Limited, operated a radio station, which was wound up following its merger with another radio station;
- 8.2.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- 8.2.5 been the owner of any asset or been a partner in any partnership which owned, any asset which while he owned that asset, or while he was a partner or within the 12 months after he ceased to be a partner in the partnership which owned the asset entered into receivership;
- 8.2.6 been the subject of any public criticism by any statutory or regulatory authority (including recognised professional bodies); or
- 8.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

9 Significant Shareholders

- 9.1 Save as disclosed in sub-paragraph 6.1 above the Company is only aware of the following persons who, as at 3 July 2019 (being the latest practicable date prior to the publication of this document) and immediately following Admission, represent an interest (within the meaning of Chapter 5 of the Disclosure Guidance and Transparency Rules) directly or indirectly, jointly or severally in three per cent. or more of the Company’s issued share capital or could exercise control over the Company:

Name	as at 3 July 2019 (being the latest practicable date prior to the publication of this document)		Following Admission	
	No. of Ordinary Shares	% of issued share capital	No. of Ordinary Shares	% of issued share capital
Equita Sim S.p.A	862,812	6.39	862,812	3.56
Banca Esperia S.p.A	553,754	4.1	553,754	2.28
Paola Ambrosino	586,000	4.36	588,700	2.43
Hawk	Nil	nil	846,698	3.49
RGL	Nil	nil	6,335,183	26.12

(1) Assuming 4,755,162 New Ordinary Shares are issued in connection with the Merger and 5,993,212 New Ordinary Shares are issued pursuant to the Conversion Shares Undertaking.

- 9.2 None of the persons named in sub-paragraph 9.1 above have voting rights which are different to any other holder of Ordinary Shares.

10 Share Incentive Schemes

10.1 As at 31 December 2018, there were no options outstanding in respect of Ordinary Shares.

10.2 The Stock Grant Plan

On 7 June 2016 the Board approved an incentive and retention plan for the employees of the Company and its subsidiaries, to be carried out through the free allocation of newly issued Ordinary Shares, obtained through a share capital increase in accordance with Article 2349, Paragraph 1 of the Italian Civil Code (the "Stock Grant Plan"). The Stock Grant Plan was subsequently approved at a general meeting of the shareholders of SEC on 9 June 2016. The right to receive the Ordinary Shares by the employees was subject to IPO Admission. According to the terms and conditions of the Stock Grant Plan, the beneficiary is entitled to receive (free of charge) the Ordinary Shares starting from the second year of IPO Admission. In particular the Stock Grant Plan is reserved for employees who, at the date of entitlement to receive the Ordinary Shares from the Company, have an existing employment contract with the Company (or any member of the Group). If the beneficiaries, for whatever reason, cease to have an employment contract with Company (or a member of the Group), the beneficiaries shall lose all rights to the assignment and delivery of the Ordinary Shares.

As at 3 July 2019 (being the latest practicable date prior to the publication of this document) the Company had not issued any Ordinary Shares under the terms of the Stock Grant Plan.

Porta Communications plc Enterprise Management Incentive and Unapproved Option Plan

10.2.1 The following outstanding options over Porta Shares were granted to the individuals listed in the table under the Porta Communications plc Enterprise Management Incentive and Unapproved Option Plan ("Participants") ("Porta Options"):

Participant	Date	Number of Porta shares subject to options
Kate Cockerill	13/05/2015	100,000
Clotilde Gros	13/05/2015	385,000
Robert Huxford	13/05/2015	250,000
Adam Lloyd	13/05/2015	285,000
Sophie Morello	16/12/2013	35,750
Vanessa Selfe	13/05/2015	50,000
Clare Ballentine	18/05/2013	100,000
Jonathan Clare	13/05/2015	1,500,000
Byron Ousey	13/05/2015	140,000

10.2.2 **All outstanding Porta Options have exercise prices far greater than the offer price and so are currently significantly out of the money. Consequently, the Company will not make proposals to the Participants in connection with their Porta Options.**

Option holders will receive separate explanatory letters explaining the effect of the Scheme on their underwater options and the action they may take in respect of their outstanding options granted pursuant to the Porta Share Scheme. No appropriate proposals will therefore be made. As the rules of the Porta Share Scheme provide that the options may be exercised for a period of six months after the Court sanctions the Scheme at the Scheme Court Hearing, the participants will be asked to enter into deeds of surrender in relation to their subsisting options, to take effect from the Effective Date.

11 Material contracts

11.1. The following (and the summaries of the agreements at paragraphs 12.6 to 12.8 below) are summaries of the principal contents of any material contract (not being a contract entered into in the ordinary course of business) that has been entered into by the Existing Group or

Porta Group within the period from 3 July 2017 to (and including) 3 July 2019 (being the period of two years immediately preceding the latest practicable Business Day prior to the publication of this Admission Document), or are other material contracts (not being contracts entered into in the ordinary course of business) that have been entered into by any member of the Existing Group or Porta Group which contain any provision under which any member of the Existing Group or Porta Group has any obligation or entitlement which is material to the Existing Group or Porta Group as at the date of this Admission Document.

11.1.1 Existing Group

11.1.1.1 Relationship Agreement

The Company has entered into relationship agreement with Arden Partners and Fiorenzo Tagliabue, as the Company's majority shareholder for the purposes of regulating aspects of the continuing relationships between the Company and Fiorenzo. Accordingly, Fiorenzo undertakes that (for as long as he and his associates (within the meaning of the AIM Rules for Companies) owns or controls Ordinary Shares representing at least 20% of the issued share capital) he shall exercise his voting rights in such way as to ensure that the Company is capable of carrying on its business independently of him, will act in good faith and will not abuse his power over the Company or the Group. The agreement also contains an undertaking from Fiorenzo in relation to related party transactions and exercise of voting rights so as to preserve the Company's independence.

11.1.1.2 Director and Senior Manager Lock-In Deeds

Each of the Directors, the Proposed Directors and Paola Ambrosino (other than Fiorenzo Tagliabue who has entered into the Tagliabue Lock-In Deed) have entered into a Director and Senior Lock-In Deed. Each Director of the Directors, Proposed Directors and Paola Ambrosino have undertaken and agreed with the Company and Arden (in its capacity as Nominated Adviser and in its capacity as Broker) that he or she shall not: (i) during the period from Admission until the Restricted Date, dispose nor agree to dispose of any interest in the Restricted Securities; and during the period from the Restricted Date until the first anniversary of the Restricted Date or such shorter period as the Company and Arden (or any successor Nominated Adviser and Broker (as the case may be) may at any time agree, dispose nor agree to dispose of any interests in its Restricted Securities, other than through Arden (or any successor Broker) at the relevant time to ensure an orderly market in the SEC Shares, provided that the rate of commission or fees charged by Arden (or any successor Broker) shall be consistent with brokers' market rates at the time of such disposal.

For these purposes the Restricted Date is the date falling 12 months from the date of Admission and Restricted Securities means: (i) all the shares and rights over shares in which the Director, the Proposed Director or Paola Ambrosino or any of their respective associates (within the meaning of the AIM Rules for Companies) has a beneficial interest or which are registered in his name on the date of Admission; and (ii) all further shares and rights over shares which the Director, the Proposed Director or Paola Ambrosino or any of their respective associates (within the meaning of the AIM Rules for Companies) subsequently acquire (becomes interested) from time to time. The Director and Senior Management Lock-In Deeds are subject to customary exceptions, including acceptance of a general offer for the share capital of the Company and any sale or transfer required by an order made by a court with competent jurisdiction.

11.1.1.3 Tagliabue Lock-In Deed

Fiorenzo Tagliabue and his wife Silvia Mazzucca have entered the Tagliabue Lock-In Deed in respect of all of the SEC Shares which they hold on Admission. Fiorenzo Tagliabue and Silvia Mazzucca have each undertaken and agreed with the Company and Arden (in its capacity as Nominated Adviser and in its capacity as Broker) that he or she shall not: (i) during the period from Admission until the Restricted Date, dispose nor agree to dispose of any interest in the Restricted Securities; and during the period from the Restricted Date until the first

anniversary of the Restricted Date or such shorter period as the Company and Arden (or any successor Nominated Advisor and Broker (as the case may be) may at any time agree, dispose nor agree to dispose of any interests in its Restricted Securities, other than through Arden (or any successor Broker) at the relevant time to ensure an orderly market in the SEC Shares, provided that the rate of commission or fees charged by Arden (or any successor Broker) shall be consistent with brokers' market rates at the time of such disposal.

For these purposes the Restricted Date is the date falling 12 months from the date of Admission and Restricted Securities means: (i) all the shares and rights over shares in which Fiorenzo Tagliabue or Silvia Mazzucca or any of their respective associates (within the meaning of the AIM Rules for Companies) has a beneficial interest or which are registered in his or her name on the date of Admission; and (ii) all further shares and rights over shares which Fiorenzo Tagliabue or Silvia Mazzucca or any of their respective associates (within the meaning of the AIM Rules for Companies) subsequently acquire or become interested from time to time. The Tagliabue Lock-In Deed is subject to customary exceptions, including acceptance of a general offer for the share capital of the Company and any sale or transfer required by an order made by a court with competent jurisdiction.

11.1.1.4 **Conversion Shares Undertaking**

On 11 June 2019, the Company entered into an undertaking in favour of RGL which contained certain undertakings from RGL and the Company in respect of the sale and purchase of the Conversion Shares by RGL in exchange for the allotment of Offeror Exchange Shares. The Company has undertaken that: (i) subject to the resolutions to be proposed at the Porta General Meeting having been approved by the requisite majorities, to the Scheme having become effective pursuant to its terms and the Conversion Shares having been allotted to RGL, the Company shall exercise, or procure the exercise of, the compulsory acquisition right to be set out in the New Articles which when exercised will result in RGL acquiring the Offeror Exchange Shares in exchange for the Conversion Shares; (ii) the Company shall convene the SEC General Meeting to seek the requisite authority required by the Company in respect of the allotment of the Offeror Exchange Shares to RGL ; (iii) subject to the resolutions to be proposed at the SEC General Meeting having been approved by the requisite majorities and the Scheme having become effective pursuant to its terms, the Company shall allot the Offeror Exchange Shares to RGL and the Company has further undertaken that (a) the Offeror Exchange Shares shall be allotted to RGL credited as fully paid up in cash and having the rights attributed to them as set out in SEC's by-laws; (b) the Offeror Exchange Shares shall be allotted to RGL free from all encumbrances; (c) the Offeror Exchange Shares shall be allotted to RGL on terms that they will rank equally in all respects with the SEC Shares in issue on the date the Scheme becomes effective; (d) the Company has undertaken to submit an application for admission to the London Stock Exchange; and (e) to pay all such fees and to supply all such information, give all such undertakings, execute all such deeds and documents and generally do all such things as may be required by the London Stock Exchange in connection with admission of the Offeror Exchange Shares to trading on AIM.

11.1.1.5 **SEC Convertible Loan Agreement**

On 10 April 2019, the Company and Porta entered into a convertible loan agreement (the "**SEC Convertible Loan Agreement**") pursuant to which the Company provided a loan of £1 million with a coupon of 5% per annum (the "**SEC Loan**") to Porta. The SEC Convertible Loan Agreement provided for the loan to be convertible into Porta Shares by either company giving notice to convert subject to certain conditions. Draw down under the SEC Convertible Loan Agreement was subject to certain conditions including resolutions being passed by Porta shareholders at a general meeting held on 26 April 2019 authorising the Porta Directors to issue and allot Porta Shares to SEC as a result of conversion of the

SEC Loan and to disapply statutory pre-emption rights from such allotment ("**Porta Convertible Loan Resolutions**"). Either the Company or Porta may give notice to convert all (but, save as set out below, not part only) of the SEC Loan and interest owing at the date of such notice into such number of Porta Shares (the "**Conversion**") as shall at the Conversion Price have a value equal to the capital plus interest owing to SEC: (i) on or at any time during the seven days following the date falling 4 calendar months from the date on which the Porta Convertible Loan Resolutions are passed (the "**Effective Date**"), unless the Merger is continuing at such time; or (ii) on or at any time during the seven days following such earlier date than the date falling 4 calendar months from the Effective Date that the Merger completes in accordance with its terms; or (iii) in the event that the Merger is continuing on the date falling 4 calendar months from the Effective Date, on or at any time during the seven days following such later date than the date falling 4 calendar months from the Effective Date that the Merger either completes or lapses in accordance with its terms. The Company may on or at any time following the occurrence of an event of default under the terms of the SEC Loan require the Conversion or repayment of all amounts due under the SEC Loan. The conversion of the SEC Loan is capped such that the issue of new Porta Ordinary Shares to SEC, together with SEC's current interests in Porta of 16.9 per cent. of the current issued share capital, will not exceed 29.99 per cent. of the enlarged share capital of Porta. Following a Conversion, Porta shall repay any outstanding debt under the SEC Loan to SEC on 31 December 2019. If there has been no Conversion, Porta shall pay any outstanding debt under the SEC Loan to SEC on 30 June 2020.

11.1.1.6 **Acquisition of shareholding in CLAI**

On 20 November 2018, the Company entered into an agreement to acquire up to 100% of the issued equity of CLAI société par actions simplifiée ("**CLAI**") from its shareholders, being Eric Giully, Anne-Marie Conte, Jean-Pierre Tranchard, Ingrid Giully, Aurore Giully, Constance Giully, Laure Giully, Pascale Giully, Elisabeth Coutureau, Stephanie Barre-Lesauvage, Vanessa Levy, Laurent De Vedelly, Emile le Sellier de Chezelles, Holding EG and Societè Clai, (the "**CLAI Acquisition Agreement**"). Under the terms of the CLAI Acquisition Agreement, the Company initially acquired 10 per cent. of the issued share capital of CLAI, although those shares have 50.2 per cent. of the voting rights of CLAI attaching to them. The initial consideration was a cash payment of €490,034.81. Thereafter, the terms of the CLAI Acquisition Agreement provide for the Company to acquire a total of 50.01% of CLAI over the period of five years following the date of the agreement, with the second acquisition (of 40.01%) occurring between 31 July 2020 and 31 December 2020 and the third acquisition (of an additional 10%) occurring between 30 July 2023 and 30 September 2023, at the Company's discretion. On completion of the second acquisition and the third acquisition the Company will have acquired an additional 50.01% of CLAI, bringing its total shareholding in CLAI to 60.01%. Thereafter, the shareholders of CLAI can call upon the Company to acquire the balance of their shares (the remaining 39.99%) anytime between 30 July 2025 and 30 November 2025. The consideration for these further tranches are cash payments, calculated by way of an earn out. In particular, the consideration payable under the earn out will be calculated using an EBITDA multiple of 6 based on CLAI's reported EBITDA (subject to certain adjustments). The adjusted EBITDA and amounts payable by the Company under the earn out will be agreed between the parties or determined by independent accountants. It has been agreed, however, that the maximum consideration under the CLAI Acquisition Agreement will never exceed €8,800,000.

11.1.1.7 **Acquisition of Newlink Comunicaciones Estratégicas S.A.S**

On 30 December 2017 the Company acquired a majority stake in Newlink Comunicaciones Estrategicas S.A.S ("**Newlink**")., based in Bogotá, Colombia. The total consideration payable by the Company, for 51% of the issued share capital of Newlink is as follows: (i) the Net Financial Position (NFP) equal to €70,635 in cash; and (ii) up to pesos 7,648,571,000 through an earn out over 4 years, with

the final price to be determined on the existing management achieving an increase in the EBIDTA of Newlink of approximately 12.5% subject to a maximum consideration of €2,185,306 for the 51%. In addition, a shareholder agreement between the Company and the minority shareholders in Newlink provides the 49% minority shareholders with a “put” option at the end of the fifth year to sell the remaining 49% stake for a consideration comprised of 50% cash and 50% SEC S.p.A. shares. There is no obligation to exercise the option or guarantee that it will be exercised, but the agreement provides that if the option is exercised the Company will pay no more than €4,284,914 for the total 100% of Newlink.

11.1.1.8 **Porta Subscription Agreement**

On 3 August 2017, the Company entered into a subscription agreement with Porta (the “**Porta Subscription Agreement**”). The Subscription Agreement provided the investment by the Company of £3 million in Porta by way of an issue of 85,714,286 Porta Shares to the Company (the “**Porta Subscription Shares**”). The Porta Subscription Shares were subject to a lock-up arrangement which included a 12-month lock-in period followed by a 12-month orderly market period. The Porta Subscription Agreement contained standard warranties given by Porta and the Company and certain undertakings by Porta. The Porta Subscription Agreement also gave the Company the right to appoint a Non-executive Director to the board of Porta for so long as the Company holds an interest equal to, or greater than, 7.5 per cent of the issued share capital of Porta. The Company agreed that all transactions with Porta will be conducted on an arm’s length basis and that it will not take any action that, *inter alia*, would prevent Porta from conducting its business independently, impair its corporate governance arrangements or prejudice Porta’s status as an AIM-traded company (subject to certain exceptions).

11.1.1.9 **Readmission Agreement**

On 5 July 2019, the Company entered into the Readmission Agreement with the Directors, the Proposed Directors and Arden Partners, in connection with the Admission.

The Company, the Directors and the Proposed Directors provided customary warranties to Arden Partners. The liability of the Directors and the Proposed Directors was limited in terms of the amount of liability as set out in the Readmission Agreement save in certain circumstances. The liability of the Directors and the Proposed Directors in respect of the warranties was limited as to time save in certain circumstances and such time limit also excluded claims under the warranties that related to matters of taxation. In addition, the Company gave Arden Partners, its affiliates and their respective directors, officers, employees, agents an indemnity relating to certain losses and liabilities which may be incurred by such persons in the performance by Arden Partners of their obligations and services rendered in connection with the Admission, the Merger and the Conversion Share Exchange. The Company, the Directors and the Proposed Directors each gave a number of undertakings to Arden Partners in the terms of the period between the date of the Readmission Agreement and Admission and also following Admission.

The Readmission Agreement is governed by English law.

11.1.2 **Porta**

11.1.2.1 **SEC Convertible Loan**

Please see paragraph 11.1.1.5 above for further details.

11.1.2.2 **Disposal of interest in Capital Access Holdings Limited**

On 12 December 2018 Porta announced that it had sold its entire 39.5% holding in Capital Access Holdings Limited (“**Capital Access**”) to Industrial Lending 1 SA (“**1L1**”) in return for 1L1 cancelling Porta’s guarantee of up to £1m to 1L1 in respect of Capital Access.

11.1.2.3 RGL Convertible Loan

Under the terms of the Convertible Loan Agreement dated 10 April 2019, RGL agreed to make available to Porta a convertible loan facility of £5,687,328.16 on the terms and subject to the conditions set out in the Convertible Loan Agreement.

11.1.2.4 Hawk Bond

Porta issued a £4,460,243 discounted capital bond in favour of Hawk on 3 August 2017 (the "**Hawk Bond**"). Porta and Hawk have now entered into a deed of variation relating to the Hawk Bond pursuant to which they have agreed to extend the redemption date referred to in the Hawk Bond from 14 April 2021 to 14 April 2023 and, as a consequence, to increase the nominal value of the Hawk Bond to £4,841,748 thereby reducing the implied interest rate from 8 per cent. to 6 per cent. per annum, in each case subject to the Scheme having become effective pursuant to its terms.

11.1.2.5 Porta Subscription Agreement

Please see paragraph 11.1.1.8 above for further details.

12 Related Party Transactions

- 12.1 Save for the Existing Directors' remuneration on the basis set out in paragraph 7 above and the dividends from which the Existing Directors benefited on their respective shareholdings set out in paragraph 6 above, any information disclosed in the historical information incorporated by reference into this document at Part V and the agreements set out at paragraphs 12.6 to 12.8 below, there were no related party transactions or fees paid during the years ended 31 December 2016, 2017 and 2018 or to date in the current financial year in respect of the SEC Group.
- 12.2 Save for the remuneration of the key management personnel of Porta and contributions to Porta's defined contribution plan set out in Porta's financial statements for the relevant financial years, any other information disclosed in the historical information incorporated by reference into this document at Part VI, and the transactions described at paragraphs 12.3, 12.4 and 12.5 below, there were no related party transactions or fees paid during the years ended 31 December 2016, 2017 and 2018 or to date in the current financial year in respect of Porta.
- 12.3 During the year to 31 December 2016, Porta Group entered into the following related party transactions:
- 12.3.1 Brian Blasdale's appointment as a Non-Executive Director of Porta Communications plc was terminated on 30 November 2016;
- 12.3.2 Arthur Morton's appointment as Non-Executive Chairman and Director of Porta was terminated on 13 October 2016. £15,200 was paid to Hawk Consulting Limited, a company of which Arthur Morton was a director (resigned December 2016), for Non-Executive Director fees (2015: £30,000);
- 12.3.3 In December 2016, the company ownership of Hawk (a company beneficially owned until December 2016 by Arthur Morton and his wife) was restructured so to be wholly owned by Morton PTC Limited as Trustee to the Morton Family Trust. Whilst Arthur Morton is no longer a beneficiary of the Trust or on the Board of Morton PTC, his wife remains so. As at 31 December 2016, Hawk were providing the Porta Group with two loan facilities, a deep discounted bond with a face value of £4,110,000 repayable on 14 April 2019 and a 364-day compound interest loan with a face value of £257,707 repayable on 17 April 2017. Both loans were at a fixed interest rate of 12% which is payable, together with the principal of the loan, on maturity. As at 31 December 2016, Porta Group had charged a total of £332,172 (2015: £294,387) of finance costs to the Statement of Comprehensive Income in relation to these loans;
- 12.3.4 Aqilla Limited, a company that produces accounting software packages, in which Hawk Investment Holdings Limited is a controlling shareholder, charged the Group £37,142 including VAT during 2016 (2015: £61,302);

- 12.3.5 During the year, the Porta Group paid £91,333 (2015: £90,000) to members of Directors' families employed by the Porta Group;
- 12.3.6 At the year end, unpaid pension contributions of £17,807 (2015: £24,000) were owed to David Wright and £59,215 (2015: £62,500) to Gene Golembiewski.
- 12.3.7 The following amounts were owed to/by Directors to/by the Company at the year-end in respect of expenses incurred or advances for expenses made in relation to expenses incurred on behalf of the Group's business :

Director	Max amount outstanding by director during the year £	Owed by directors/ (Owed to directors) 2016 £	Owed by directors/ (Owed to directors) 2015 £
Hawk (Arthur Morton)	—	(17,300)	(15,000)
David Wright	1,047	1,047	781
Gene Golembiewski	1,269	—	(780)
Brian Blasdale (and Blasdales Limited)	—	(634)	(1,516)
Steffan Williams	—	(10,632)	—

- 12.4 During the year to 31 December 2017, Porta Group entered into the following related party transactions:
- 12.4.1 During the year, the Company was invoiced £4,000 by Blasdales Limited (2016: £27,500), a company of which Brian Blasdale is a Director, for Non-Executive Director's fees. Brian Blasdale stepped down as a Non-Executive Director of Porta on 30 November 2016, after which he served a three-month notice period;
- 12.4.2 A charitable donation of £22,250 was made during the year to Give us Time, on behalf of Raymond McKeeve who stepped down as a Non-Executive Director on 31 August 2017;
- 12.4.3 During the year, the Group paid £96,150 (2016: £91,333) to members of Directors' families who are employed by the Group;
- 12.4.4 At the year end, unpaid pension contributions of £17,807 (2016: £17,807) were owed to David Wright and £24,631 (2016: £59,215) to Gene Golembiewski;
- 12.4.5 Newgate Communications Pty Limited (Australia) paid Brian Tyson a deferred sign on bonus of £121,629 in October 2017 on behalf of Porta, with respect to the start-up of Newgate Australia, prior to his appointment as an Executive Director on the Porta board on 1 November 2017;
- 12.4.6 During the year, the Porta Group was invoiced for flowers £7,206 (A\$12,174) by Buds and Poppies, a florist company owned by the wife of Brian Tyson;
- 12.4.7 Fiorenzo Tagliabue, appointed as Non-Executive Deputy Chairman of Porta on 4 August 2017, was at 31 December 2017 and remains the CEO and founder of SEC . Porta were billed £50,000 by SEC during 2017 in relation to an Agreement signed in the occasion of the deal whereby the two companies shared business opportunities. At the year end £10,000 of these fees were outstanding;
- 12.4.8 SEC also subscribed for £3,000,000 new Porta shares during the year. This constituted an 18.76% shareholding in Porta as at 31 December 2017;

12.4.9 The following amounts were owed to/by Directors by/to the Company at the year-end in respect of expenses incurred or advances for expenses made in relation to expenses incurred on behalf of the Group's business:

Director	Max amount outstanding by director during the year £	Owed by directors/ (Owed to directors) 2017 £	Owed by directors/ (Owed to directors) 2016 £
David Wright	—	—	1,047
Gene Golembiewski	—	(251)	—
Rhydian Bankes	—	(2)	—
Brian Blasdale (and Blasdales Limited)	—	—	(634)
Fiorenzo Tagliabue (and SEC)	—	(10,703)	—
Steffan Williams	—	(5,164)	(10,632)

12.5 During the year ended 31 December 2018, Porta Group entered into the following related party transactions:

12.5.1 On 31 January 2018, John Foley, the Non-Executive Chairman of Porta, purchased 4,700,000 Ordinary Shares of 1p each at a price of 3.5p per share;

12.5.2 Fiorenzo Tagliabue, the Non-Executive Deputy Chairman of Porta, was at 31 December 2018 and remains the CEO and founder of SEC. Porta were billed £50,000 by SEC during 2017 in relation to a secondment fee for the provision of secondee services and at the previous year end £10,000 of these fees were outstanding. In 2018 Porta paid the outstanding balance of £10,000 to SEC. There were no further transactions during 2018;

12.5.3 On 1 May 2018, Emma Kane, the Joint Chief Executive Officer of Porta, purchased 1,538,462 Ordinary Shares of 1p each at a price of 3.25p per share;

12.5.4 On 19 June 2018, Porta acquired the final 19% interest in Redleaf Polhill Limited ("Redleaf") satisfied by way of 50% cash and 50% shares as per the original agreement. No further amounts are due with respect to this acquisition;

12.5.5 Of the 23,493,273 shares issued on 19 June 2018 to the owners of Redleaf, 21,158,042 were issued to Emma Kane and to persons closely associated ("PCAs") with her and cash paid of £471,824;

12.5.6 Between Emma's appointment to the Porta Board and the year end, Redleaf declared and paid dividends to Emma, and PCAs with her, of £16,825. There were no outstanding dividends payable at the end of the year;

12.5.7 During the year Redleaf paid Barbican Centre Trust Ltd, a registered charity and company of which Emma is the Chairman, £12,000 for Corporate membership. No amounts were outstanding at the year end;

12.5.8 Newgate Communications Pty Limited ("Newgate Australia") declared dividends of £64,084 (A\$114,265) on 19 June 2018 to Brian Tyson. As at 31 December 2018, dividends payable of £176,454 (A\$318,491) were still owed to Brian;

12.5.9 On 19 June 2018, 2,088,360 shares were issued to Brian Tyson in relation to Porta's further acquisition of Newgate Australia at a cost of £54,924;

12.5.10 During the period, the Group was invoiced £7,268 (A\$12,945) for flowers by Buds and Poppies, a florist company owned by the wife of Brian Tyson. An annual membership fee of £4,211 (A\$7,500) was paid to the Committee for Sydney, of which Brian Tyson is also a director. No amounts were outstanding to either party at the year end;

12.5.11 At the year end, unpaid pension contributions of £24,631 (2017: £24,631) were owed to Gene Golembiewski;

- 12.5.12 During the year, David Wright received £80 in consideration for his 800 A Ordinary Shares in Porta Communications Midco Holdings Limited, which were transferred to Porta as a result of his departure as an employee from Porta;
- 12.5.13 During the year, Steffan Williams received £70 in consideration for his 700 A Ordinary Shares in Porta Communications Midco Holdings Limited, which were transferred to Porta as a result of his departure as an employee from Porta;
- 12.5.14 The following amounts were owed to/by Directors by/to the Company at the year-end in respect of expenses incurred or advances for expenses made in relation to expenses incurred on behalf of the Group's business.

	Max amount owed by Director during the year £	Owed by Directors/ (Owed to Directors) 2018 £	Owed by Directors/ (Owed to Directors) 2017 £
John Foley	—	—	—
Fiorenzo Tagliabue (and SEC S.p.A.)*	—	(663)	(10,703)
Emma Kane	—	(6,159)	—
Brian Tyson	—	—	—
Gene Golembiewski	403	181	(251)
Rhydian Bankes	6	—	(2)
Steffan Williams	—	—	(5,164)

* All related party-transactions were on normal commercial terms.

12.6 **Newington shareholders' agreement**

A shareholders' agreement dated 12 September 2016 between the Company and the minority shareholders in Newington including Mark Glover (a director of the Company) regulates the operation and management of Newington following completion. The terms of that agreement entitle the minority shareholders to exchange their shares in Newington for Ordinary Shares in the Company at any time. The number of Ordinary Shares in the Company to be issued will be determined by reference to the aggregate market value of the retained shares in Newington (agreed by the parties or determined by independent valuers) which are being exchanged divided by the relevant value of an Ordinary Share in the Company.

For these purposes the relevant value of an ordinary share in the Company will be the average of the middle market quotations for the existing issued ordinary shares of the Company as shown in the Official List on the last Business Day in each of the four weeks ended on the date immediately prior to the date of allotment of the new ordinary shares in the Company. Any ordinary shares issued to the minority shareholders will be subject to customary lock-in arrangements for 12 months and orderly marketing arrangements for a further period of 12 months.

The minority shareholders in Newington including Mark Glover (a director of the Company) have, subject to certain conditions, the right to require the Company to acquire up to 25% of their retained shares in Newington in each financial year following the fifth anniversary of completion. The consideration will be agreed between the parties or determined by independent valuers.

12.7 **Newgate Australia SHA**

Brian Tyson (a director of Porta and a Proposed Director) and Newgate PR Holdings Limited (a member of the Porta Group) are, amongst others, parties to a shareholders' agreement dated 30 September 2013 which relates to Newgate Communications Pty (the "**Newgate Australia SHA**"). The Newgate Australia SHA contains a share exchange mechanism which provides for the certain employee shareholders, including Brian Tyson, to exchange relevant shares in Newgate Communications Pty for such number of Porta

Shares, credited as fully paid, as shall have an aggregate value at market price equal to the amount which is the relevant percentage established by the Newgate Australia SHA of five times net profit of Newgate Communications Pty.

12.8 Option to Purchase Cambre Associates S.A.

The Company entered into a sale and purchase agreement on 13 June 2013 (“**Cambre SPA**”) with Tom Parker (“**Mr Parker**”) and Aart van Iterson (“**Mr Van Iterson**”) to purchase 60 per cent of the issued share capital of Cambre Associates SA (“**Cambre SA**”) and the parties entered into a shareholders’ agreement to regulate their respective holdings in Cambre SA on 13 June 2013 (“**Cambre Shareholders’ Agreement**”).

Under the Cambre Shareholders’ Agreement, after five years from 13 June 2013, or at any time if Mr Parker or Mr van Iterson or their respective management companies cease to hold the office of CEO’s of Cambre SA, the Company has the right to purchase the shares that Mr Parker or his management companies and/or Mr van Iterson or his management companies hold in Cambre SA. Mr Parker or his management companies and/or Mr van Iterson or his management companies must sell these shares in Cambre SA to the Company, upon first request of the Company under the terms and conditions set out in the Cambre Shareholders’ Agreement. The Company has the right to exercise the call option within 90 days starting from the end of the five year period referred to above or 60 days starting from the termination of the relevant CEO mandate. The call option will become effective from the date that Mr Parker and/or Mr van Iterson have received notification of exercise of the call option from the Company and can only be exercised by the Company in relation to the total number of shares in Cambre SA held by Mr Parker and/or Mr van Iterson, unless he has agreed otherwise. Where the appointment of one of Mr Parker or Mr van Iterson as CEO is terminated, the call option will only apply to the shares held by the person whose appointment has been terminated. The price will be determined in accordance with the formula set out in the Shareholders’ Agreement or in default by a third party auditor.

13 Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Company is aware, which may have or have had during the 12 months immediately preceding the date of this Admission Document a significant effect on the financial position or profitability of the Company or the Combined Group .

14 Working Capital

In the opinion of the Directors and Proposed Directors, having made due and careful enquiry, the working capital available to the Company and the Combined Group will be sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission.

15 Taxation

This taxation summary solely addresses certain Italian income tax consequences to Shareholders of the Company. This summary does not include every aspect of taxation that may be relevant to a Shareholder or that may be relevant to a particular taxpayer under special circumstances or who is subject to special treatment under applicable law and is not intended to be applicable in all respects to all categories of investors.

The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Admission Document, which are subject to changes that may have a retroactive effect. A change to such laws may invalidate the contents of this summary. The Company and its advisors will not undertake to update this discussion to reflect any change in such laws. Shareholders should consult their tax advisors regarding their particular personal tax consequences of acquiring, owning and disposing of Shares.

Definitions

For purposes of this section, the terms defined have the meaning described below.

“Non-qualified Holdings”: shareholdings in a company not listed on regulated markets other than Qualified Holdings.

“Qualified Holdings”: shareholdings in a company not listed on a regulated market consisting of the holdings of shares, rights or securities through which shares may be acquired which represent overall voting rights exercisable at ordinary shareholders meetings of over 20 per cent. or an interest in the share capital of over 25 per cent.; and

“Transfer of Qualified Holdings”: transfer of shares (other than savings shares, *“azioni di risparmio”*), or securities through which shares can be acquired, which exceed the threshold for their qualification as Qualified Holdings, over a period of 12 months (starting from the date on which the shares owned represent a percentage of voting rights or interest in the capital exceeding the aforesaid threshold).

15.1 Italian Taxation

15.1.1 Dividends

Italian resident individuals not engaged in business activity

Dividends paid on the Shares to individuals who are resident in Italy for Italian tax purposes where such Shares are not owned in connection with the carrying out of a business activity are subject to substitute tax at the rate of 26 per cent.. As a result of the withholding of this substitute tax, shareholders are not required to report received dividends on their tax returns.

This substitute tax is withheld by the Italian resident share depository where the securities are deposited, which have joined the centralized management system managed by Monte Titoli, or through a representative appointed in Italy such as, for instance, a bank or investment company resident in Italy, a permanent establishment in Italy of non-resident banks or investment firms.

Dividends on Non-qualified Holdings paid to individuals resident in Italy in relation to long-term investments in the Company entered into long-term savings plans (i.e. holding shares for a minimum five-year period, such as **“PIR”**) are exempt from taxation. There are arrangements for recovery of the unpaid tax if the shares are sold before the 5 year period required for the exemption expires.

Dividends paid to individuals who are resident in Italy for tax purposes on Shares, which are not owned in connection with the carrying out of a business activity and representing Qualified Holdings, are not subject to any withholding or substitute tax, provided that (i) dividends are formed with profits up to the financial year at December 31, 2017, (ii) distributions are declared as of January 1, 2018 and up to December 31, 2022, and (iii) such shareholders declare at the time of receipt that the dividends collected are related to Qualified Holdings. Such dividends are partially considered in determining the shareholders overall income subject to the income tax of physical persons (**“IRPEF”**), drawn from a gradual rate system between 23 per cent. and 43 per cent. (in addition to municipal and regional additions and any *“solidarity contributions”*, if due).

Dividends paid to individuals resident in Italy for tax purposes on Shares, held outside the scope of business activity, admitted in an asset management relationship with an authorized intermediary, for which the option for the discretionary investment portfolio (*“risparmio gestito”*) regime has been exercised, are not subject to any withholding or substitute tax and are included in the annual accrued management result (*“risultato maturato annuo di gestione”*), to be subject to 26 per cent. substitute tax.

Italian resident individuals engaged in business activity

Dividends on the Shares paid to individuals who are resident in Italy for tax purposes where such Shares are owned in connection with a business activity, are not subject to any withholding or substitute tax subject to the beneficiaries declaring at the time of receipt that the profits collected are from holdings related to the business activity.

Such dividends are partially considered in determining the shareholders overall income subject to IRPEF, drawn from a gradual rate system between 23 per cent. and 43 per cent. (in addition to municipal and regional additions and any *“solidarity contributions”*).

15.1.2 Capital gains

Italian resident individuals not engaged in business activities and società semplici

Capital gains realized upon Transfer of Qualified Holdings (if capital gains are realized as of January 1, 2019) and Non-qualified Holdings by individuals and *società semplici* resident in Italy for tax purposes, not in the exercise of a business activity, are subject to substitute tax at a rate of 26%.

The taxpayer may opt for one of the following three methods of taxation:

1. *Taxation under the tax return regime (“regime della dichiarazione”):*

Under the tax return regime, which is the standard regime for taxation of capital gains realized by Italian resident individuals not engaged in a business activity, substitute tax on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any relevant capital loss of the same nature incurred in such tax year, realized pursuant to all disposals of shares carried out during that tax year (with the exception of the capital losses arising from the sale of shares whose fiscal value has been stepped up, which cannot be deducted from capital gains). Italian resident individuals holding the Shares otherwise than in connection with a business activity must report overall capital gains realized in any tax year, net of any relevant capital loss of the same nature incurred in such tax year, in the annual tax return to be filed for such year and pay substitute tax on such gains together with any income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same nature realized in any of the four succeeding tax years; capital losses released from January 1, 2012 until June 30, 2014 can be deducted from capital gains for a reduced measure equal to 76.92%.

2. *Non-discretionary investment portfolio (“risparmio amministrato”) regime (optional):*

Italian resident individuals holding Shares otherwise than in connection with a business activity may elect to pay 26% substitute tax separately on capital gains realized on each transfer of shares. Such separate taxation of capital gains is permitted if (i) the Shares are being deposited with Italian banks, certain authorized financial intermediaries and (ii) an express election for the *risparmio amministrato* regime is made in writing by the relevant shareholder. Under the *risparmio amministrato* regime, the financial intermediary is responsible for accounting for substitute tax in respect of capital gains realized on each transfer of the Shares (as well as in respect of capital gains realized at revocation of its mandate), net of any relevant capital loss of the same nature incurred in the applicable tax year, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer by deducting a corresponding amount from proceeds to be credited to the shareholder or using funds provided by the shareholder for this purpose. Under the *risparmio amministrato* regime, where a transfer of Shares results in capital loss, such loss may be deducted from capital gains of the same nature realized in such tax year or any of the four succeeding tax years. The capital losses arising from the sale of shares whose fiscal value has been stepped up cannot be deducted from capital gains. If the custody or administration relationship is lost, any capital losses may be deducted, not later than the fourth taxable period after the realization date, from the gains realized under another account under the *risparmio amministrato* regime directed at the same subjects reporters or depositors of origin, or may be deducted from the tax return. Under the *risparmio amministrato* regime, the shareholder is not required to declare capital gains in its annual tax return.

3. *Discretionary investment portfolio (“risparmio gestito”) regime (optional):*

Any capital gains accrued on Shares held otherwise than in connection with business activity by Italian resident individuals who have entrusted the management of their financial assets, including the Shares, to an authorized intermediary and who have elected for the *risparmio gestito* regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at year end, subject to 26% substitute tax to be applied on behalf of the taxpayer by the managing authorized intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward, against an increase in value of the managed assets accrued in any of the four succeeding tax years. The only exception is represented by the capital losses arising from the sale of shares whose fiscal value has been stepped up, which cannot be deducted from capital gains. In the event of a closure of the management report, the negative operating results accrued (resulting from a specific certification issued by the manager) may be deducted, not later than the fourth tax period subsequent to the maturity date, from the capital gains realized in the balance

sheet, in the context of another relationship for which the managed savings scheme is applicable, or used (for the amount available in it) under another relationship for which the option for the managed savings scheme has been made, provided that the report or deposit concerned is addressed to the same subjects as the relationship or deposit of the source, or may be deducted from the same persons at the time of the declaration of income, in accordance with the same rules applicable to the excessive losses as per point (concerning the “declaration system”). Under the *risparmio gestito* regime, the shareholder is not required to report capital gains realized in its annual tax declaration.

Capital gains realized on Non-qualified Holdings paid to individuals resident in Italy in relation to long-term investments in the Company entered into long-term savings plans (i.e. holding shares for a minimum five-year period, such as “**PIR**”) are exempt from taxation. There are arrangements for recovery of the unpaid tax if the shares are sold before the 5 years period required for the exemption expires.

With specific reference to Qualified Holdings, the tax treatment described above applies to capital gains realized as of January 1, 2019. The tax treatment previously in force still applies to capital gains realized before this date.

Italian resident individuals engaged in a business activity, società in nome collettivo, società in accomandita semplice and similar partnerships as referred to in Article 5 of the Testo Unico Imposte sui Redditi (TUIR)

Capital gains realized by Italian resident individuals holding the Shares in connection with a business activity, società in nome collettivo, società in accomandita semplice and similar partnerships, upon transfer for consideration of the Shares, constitute taxable business income in their full amount, subject to tax in Italy under the ordinary regime.

As clarified by the tax administration, losses derived by Italian resident individuals holding shares in connection with a business activity, *società in nome collettivo, società in accomandita semplice* and similar partnerships upon transfer for consideration of shares may be deducted from taxable business income in their full amount, subject to tax in Italy under the ordinary regime.

However, where the conditions set out in points (a), (b), (c) and (d) of the following paragraphs “*Italian resident companies and entities referred to in Article 73(1), sections a) and b), of the TUIR*” are satisfied, capital gains are taxable in Italy as business income only to the extent of 49,72 per cent. of such capital gains for *società in nome collettivo, società in accomandita semplice* and similar partnerships, and of 58,14 per cent. of the capital gains for Italian resident individuals. Capital losses realized on holding with the requirements referred to in “*Italian resident companies and entities referred to in Article 73(1)(a-b) of the TUIR*” below are partially deductible, in a similar manner as is provided for the taxation of capital gains.

For the purposes of determining capital gains and capital losses that are relevant for tax purposes, the cost of the shares transferred is recognized for tax purposes net of any depreciation deducted in previous tax years.

Italian resident companies and entities referred to in Article 73(1), sections a) and b), of the TUIR

Capital gains realized by the companies and entities referred to in Article 73(1), sections a) and b), of the TUIR, upon transfer for consideration of Shares are taxable (i) as business income in their full amount in the tax period in which they are realized or (ii) at the election of such company or entity, for shares owned for not less than three years (one year for professional sporting companies) and recorded as part of fixed financial assets in the last three balance sheets, in equal installments in the same tax period and a maximum of four subsequent tax periods. This choice must result from the tax return. If the statement is not presented, the capital gain will contribute to the formation of taxable income for the entire amount in the year in which it is realized.

However, pursuant to Article 87 of the TUIR (“participation exemption” regime), capital gains realized upon transfer of shares are 95 per cent. exempt from taxable income if such shares meet the following requirements:

- a) uninterrupted ownership as of the first day of the twelfth month prior to the transfer, treating the shares acquired on the most recent date as transferred first;

- b) classification in the category of fixed financial assets in the first balance sheet prepared during the period of ownership;
- c) residence for tax purposes of the participated entity in a country or territory, other than those benefiting from a privileged tax regime, identified on the basis of the criteria established by Article 167(4) of the TUIR (i.e. a State or territory with a special tax regime, with a nominal tax rate of less than 50 per cent. of that applicable in Italy) or, alternatively, proof from a tax ruling (according to the terms set forth in paragraph 5, section b), of Article 167 of TUIR), that from the start of the period of ownership, the income was not located in countries or territories that benefit from a privileged fiscal regime, identified according to the criteria set out in Article 167(4) of the TUIR (i.e. a State or territory with a special tax regime, with a nominal tax rate of less than 50 per cent. of that applicable in Italy); and
- d) the participated entity engages in a commercial business according to the definition set forth in Article 55 of the TUIR. However this requirement is not relevant for holdings in companies whose securities are traded on regulated markets.

The requirements in (c) and (d) above must be satisfied without interruption from at least the start of the third tax period before the capital gain is realized and at such time as it is realized. The transfer of shares belonging to the category of fixed financial assets and the transfer of shares belonging to the category of working capital are to be considered separately with reference to each category. If the aforementioned requirements are met, the capital losses made on holding are not deductible from business income.

For purposes of determining capital gains and capital losses reported for tax purposes, the cost of the shares transferred for tax purposes is recognized net of any depreciation deducted in previous tax periods.

Capital losses and negative differences between revenues and costs for shares that do not meet the requirements for participation exemption may not be deducted up to the non-taxable amount of dividends, or of accounts thereof, received in the 36 months prior to their transfer. This provision does not apply to parties who prepare their financial statements in accordance with IAS/IFRS.

As to capital losses and to negative differences between revenues and costs relating to shares deductible from business income the amount of the aforesaid capital losses and negative differences derived from a transaction or series of transactions in shares traded on regulated markets is greater than Euro 50,000, the taxpayer must report the data and the information regarding the transaction to the Italian Revenue Agency. The information to be provided and the related deadlines are set forth in the Revenue Agency official note of March 29, 2007.

Furthermore for capital losses of more than Euro 5,000,000 derived from a transaction or series of transactions in shares constituting fixed assets, the taxpayer must report the data and the information to the Revenue Agency in order to enable the compliance of the transfer operation with the provisions of Article 10-bis of Law No. 212/2000. Such an obligation does not apply to parties who prepare their financial statements in accordance with IAS/IFRS international accounting standards.

For some types of companies and under certain conditions, capital gains on shares are considered in determining the respective net value of production subject to the Regional Tax on Business Activities (IRAP).

Italian resident non-commercial entities referred to in Article 73(1), section c), of the TUIR

Capital gains realized outside the scope of business activity by Italian resident non commercial entities (other than OICRs referred in Article 73 (5-quinquies) of the TUIR) are subject to tax under the same rules as those for capital gains realized by Italian resident individuals on holdings held other than for business purposes.

Non-Italian residents without permanent establishment with the Italian territory

Non-qualified Holdings

Capital gains realized by the non-Italian residents without permanent establishment in Italy, as determined for Italian purposes, to which the shares are effectively connected upon transfers of

shares not qualifying as Transfers of Qualified Holdings in Italian companies not traded on regulated markets are subject to different tax treatments, depending on the characteristics of the shareholders.

In particular: (i) pursuant to Article 5 (5) of Legislative Decree no. 461/1997, capital gains are not subject to taxation in Italy if they are realized by (a) subjects residing in States and territories that allow an adequate exchange of information as indicated in the Ministerial Decree resulting from Article 11(4)(c) of the Law Decree No. 239/1996; (b) international organizations or bodies established on the basis of international agreements rendered executive in Italy; (c) foreign institutional investors, even if not subject to taxation, established in countries referred to in point i. above; (d) Central banks or organizations that also manage the official reserves of the State; (ii) in the remaining cases, the capital gains realized are subject to a substitute tax of 26 per cent..

However, the provisions set forth by double taxation treaties entered into by Italy may apply, if such provisions are more favorable. In general, they provide for the exclusive taxability of the income in the foreign country of residence of the person who made the capital gain (in compliance with the provisions of Article 13, c 5 of the OECD Model Convention on Double Taxation).

It should be noted that the possibility of benefiting from the aforementioned capital gains exemption schemes is subject to the presentation of suitable documentation certifying the existence of the relevant application conditions.

In order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident shareholders who hold the shares with an Italian authorized financial intermediary and elect to be subject to the *risparmio gestito* regime or are otherwise subject to the *risparmio amministrato* regime may be required to produce to the Italian authorized financial intermediary an appropriate self-declaration that they are not resident in Italy for tax purposes and do not have a permanent establishment in Italy.

Qualified Holdings

Capital gains realized by non-Italian residents with no permanent establishment in Italy, as determined for Italian tax purposes, to which the shares are effectively connected upon Transfers of Qualified Holdings, are included in the recipients income taxable in Italy according to the same rules applicable to Italian resident individuals not engaged in a business activity.

However, the provisions set forth by double taxation treaties entered into by Italy may apply, if such provisions are more favorable. The possibility of benefiting from the provisions set forth by double taxation treaties is subject to the presentation of suitable documentation certifying the existence of the relevant application conditions.

15.1.3 Transfer Tax

Under the current regime, deeds regulating the transfer of securities (including the Shares) may be subject to Italian registration tax as follows: (i) public deeds and authenticated private agreements are subject to registration tax at the fixed rate of 200; (ii) private agreements, not authenticated, are subject to registration tax at the fixed rate of Euro 200 only "*in the case of use*", in case of cross-reference in a deed, agreement or other document entered into or executed by the same parties and registered with the competent tax authority or referred to in a judicial decision (*enunciazione*), or on a voluntary basis.

15.1.4 Inheritance and gift tax

Subject to certain exceptions, Italian inheritance and gift tax is generally payable on transfers of assets and rights (including the Shares) (i) by reason of death or donations by Italian residents, even if the transferred assets are held outside Italy and (ii) by reason of death or donations by non-Italian residents, to the extent that transferred assets are held in Italy (which, for presumption of law, includes shares of Italian resident companies). The tax also applies to constitutions of destination constraints.

Succession Taxes

Transfer of goods and rights for death are generally subject to succession tax, with the following rates, to apply to the total value of the goods: (i) for the goods and rights devoted to the spouse or relatives in a straight line, the rate is 4 per cent., with a deduction of Euro 1,000,000 for each beneficiary; (ii) for the assets and rights devoted to other relatives up to the fourth grade and to the affiliates in a straight line as well as collateral up to the third degree, the rate is 6 per cent. (with a

franchise of Euro 100,000, for each beneficiary, for the only brothers and sisters); (iii) for goods and rights devoted to other parties, the rate is 8 per cent..

If the beneficiary is a seriously recognized handicap, the succession tax applies only to the portion of the value of the stake or bond that exceeds the amount of Euro 1,500,000.

Tax on donations

Transfers of goods and rights for donation, free transfer and establishment of bonds are generally subject to the tax on donations, determined by applying the following rates to the total value of the goods and of the rights net of the charges payable to the beneficiary, that is, if the donation is made jointly in favor of several persons or if more than one act of disposition in favor of different parties is included in the same act, the value of the shares of the goods and the attributable rights: (i) for the goods and rights devoted to the spouse or relatives in a straight line, the rate is 4 per cent., with a deduction of Euro 1,000,000 for each beneficiary; (ii) for the assets and rights devoted to other relatives up to the fourth grade and to the affiliates in a straight line as well as collateral up to the third degree, the rate is 6 per cent. (with a franchise of Euro 100,000, for each beneficiary, for the only brothers and sisters); (iii) for goods and rights devoted to other parties, the rate is 8 per cent..

If the beneficiary is a seriously recognized handicap the succession tax applies only to the portion of the value of the stake or bond that exceeds the amount of Euro 1,500,000.

15.2 UK Taxation

The following comments are intended only as a general guide to certain UK tax considerations relevant to prospective investors in the Shares. They do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Shares. They are based on current United Kingdom tax law and what is understood to be the current published practice (which may not be binding) of HM Revenue & Customs at the date of this document (both of which are subject to change at any time, possibly with retroactive effect).

The following statements relate only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in (and only in) the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold their Shares as an investment (other than in an individual savings account or pension arrangement) and who are the absolute beneficial owners of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investments schemes, trusts and those who hold 5 per cent. or more of the Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC-approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme, able to claim any inheritance tax relief or any non-UK resident Shareholder holding Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

Any person who is in doubt as to his tax position or who may be subject to tax in a jurisdiction other than the UK is strongly recommended to consult his own professional tax adviser.

15.2.1 Taxation of Dividends

15.2.1.1 The Company

Whether the Company will be required to withhold tax at source on any dividends it pays to its UK resident shareholders in respect of the Ordinary Shares will be a matter of Italian tax law and the UK-Italy tax treaty, as applied to the status of each shareholder. To the extent withholding tax is deducted at source, shareholders should consult their independent professional tax advisers to determine the extent to which it may be able to offset any UK income tax or corporation tax liability arising on the dividend received.

15.2.1.2 UK resident shareholders

Individuals resident in the UK for taxation purposes are generally liable to UK income tax on dividends to the extent that their total aggregate dividends in a tax year exceed £2,000 (tax year 2019/20). For UK resident individuals with aggregate dividends below this level dividends should be covered by the UK dividend nil rate band.

To the extent that aggregate dividend income exceeds the limits outlined above for UK resident individuals, dividends are taxed as the individual's top slice of income which means that all other sources of income are taken in to account before determining which tax rate to apply to dividends. In addition, dividends within the nil rate band which would (if there was no nil rate band) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

The current tax rates applying to aggregate UK dividends in excess of the above limits are:

- 7.5 per cent. Basic rate taxpayers
- 32.5 per cent. Higher rate taxpayers
- 38.1 per cent. Additional rate taxpayers

A UK resident corporate shareholder will be liable to UK corporation tax unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. It is anticipated that dividends should fall within one of such exempt classes (subject to anti-avoidance rules and provided all conditions are met).

If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company at 19 per cent. (17 per cent. from 1 April 2020).

Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

15.2.1.3 Non-UK resident shareholders

Non-UK resident shareholders may also be subject to tax on dividend income under any law to which they are subject outside the UK. Such shareholders should consult their own tax advisers concerning their tax liabilities.

15.2.2 Taxation of Capital Chargeable Gains

15.1.2.1 UK resident Shareholders

A disposal of the Ordinary Shares by a Shareholder who is (at any time in the relevant United Kingdom tax year) resident in the United Kingdom for tax purposes, may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains, depending on the shareholder's circumstances and subject to any available exemption or relief. A chargeable gain can also arise from the transfer of Ordinary Shares or a disposal on the winding up of the Company.

UK resident Shareholders who are individuals (or otherwise not within the charge to UK corporation tax) and who are basic rate taxpayers are currently subject to tax on their chargeable gains at a flat rate of 10 per cent. Individuals who are higher or additional rate taxpayers are currently subject to tax on their chargeable gains at a flat rate of 20 per cent (tax year 2019/20).

No indexation allowance will be available to such Shareholders but they may be entitled to an annual exemption from capital gains to the extent this has not been used against other gains, and any other tax reliefs available such as existing capital losses.

Shareholders within the charge to UK corporation tax may be subject to corporation tax on chargeable gains arising on a disposal of Shares, depending on the circumstances and subject to any available exemption or relief. No indexation allowance will be available to reduce any chargeable gain arising on disposal of the Shares.

Corporation tax is charged on chargeable gains at the rate applicable to that company at the date of disposal. Such tax would be applied at one the relevant corporation tax rates already stated above, depending on the timing of the disposal.

15.2.2.2 Non-resident Shareholders

A shareholder who is not resident in the United Kingdom for tax purposes but who carries on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a non-UK resident corporate shareholder, a permanent establishment) to which the Ordinary Shares are attributable will be subject to the same rules which apply to United Kingdom resident shareholders.

A shareholder who is an individual and who after acquiring his Ordinary Shares, ceases to be resident for tax purposes in the United Kingdom for a period of less than five complete years of assessment and who disposes of the Ordinary Shares during that period may also be liable, on his return, to United Kingdom taxation of chargeable gains (subject to any available exemption or relief).

15.2.3 Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The following comments are intended as a guide to the general United Kingdom stamp duty and SDRT position and (except insofar as expressly referred to below) do not relate to persons such as market makers, brokers, dealers, intermediaries, persons connected with depository receipt arrangements or clearance services or persons who enter into sale and repurchase transactions in respect of the Ordinary Shares, to whom special rules apply. No UK stamp duty or SDRT will be payable on the issue of the Ordinary Shares direct to persons acquiring those shares. Transfers of shares for value generally give rise to a liability to pay UK *ad Valorem* stamp duty or stamp duty reserve tax at a rate in each case of 50 pence per £100 of the amount of value or consideration. However, exemption is available if the Ordinary Shares qualify as being traded on a Recognised Growth Market. AIM currently qualifies as a Recognised Growth Market.

Any person who is in any doubt as to his or her tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should consult his or her own professional adviser.

16 General

- 16.1 Arden Partners of 125 Old Broad Street, London EC2N 1AR has given and not withdrawn its written consent to the inclusion in this Admission Document of references to its name in the form and context in which it appears.
- 16.2 The percentage dilution on Admission as a result of the Merger and the Conversion Shares Exchange is 55.7 per cent.
- 16.3 The total costs and expenses relating to the Admission and the Merger payable by the Combined Group are estimated to amount to approximately £2.0 million (excluding VAT).
- 16.4 As at the date of this Admission Document, the Existing Group had 311 employees.
- 16.5 Save as disclosed in this document, there have been no significant changes in the trading or financial position of the Existing Group since 31 December 2018.
- 16.6 Save as disclosed in this document, there have been no significant changes in the trading or financial position of the Porta Group since 31 December 2018.

- 16.7 All Ordinary Shares will be held in uncertificated form as under the laws of the Republic of Italy shares in a company cannot be held in a mixture of certificated and uncertificated form. No share certificates will therefore be delivered. Instead CREST accounts are expected to be credited with CDIs issued by CREST Depository Limited. As foreign securities, the SEC Shares are not eligible for being enabled directly for dealings through CREST. However, under arrangements between the CREST International Settlement Links Service and Monte Titoli, the Italian Central Securities Depository, SEC Shareholders can hold their interest in the SEC Shares in SEC through CDIs.

The relationship between CREST Depository Limited and CREST members is governed by a deed poll entered into and governed by English law.

The CDIs are independent securities constituted under English law and are capable of being held, delivered and settled in CREST. Although CREST passes on all distributions and notifications and makes acceptances or elections on behalf of CREST members in accordance with the terms of the CREST International Manual, it is not possible for holders of CDIs to directly exercise voting rights in respect of the underlying shares in dematerialised form. This may also affect receipt of shareholder information from SEC. CREST has informed SEC that in certain circumstances it undertakes a proxy voting service on a case by case basis for issuers that are able to use a CREST omnibus proxy which allows CREST to notify SEC of the voting intentions of CDI holders.

- 16.8 To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors and the Company are aware and able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading.

- 16.9. Other than as disclosed in this document, no person has (excluding those professional advisers disclosed in this document and trade suppliers):

16.9.1. received, directly or indirectly, from the Company within the 12 months preceding the date of this document; or

16.9.2. entered into any contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

(i) fees totalling either £10,000 or more;

(ii) securities in the Company with a value of either £10,000 or more calculated by reference to the issue price of an Ordinary Share at Admission; or

(iii) any other benefit with a value of either £10,000 or more at the date of Admission.

- 16.10 BDO Italia S.p.A. is enrolled to the Italian Public Register of the Chartered Accountants, at MEF (Ministry of Economic and Financial Affairs).

17 Availability of this Admission Document

Copies of this Admission Document will be available to download from the Company's website is <https://www.secglobal.com/investors>.

5 July 2019

