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17 September 2025



capAI plc
("capAI" or the "Company")

**Posting of Circular, Proposed Substantial Property Transactions,
Share Consolidation, New Articles and Notice of General Meeting**

capAI (LSE: CPAI) announces that it has today published a circular (the "**Circular**") (containing a notice of general meeting of the Company (the "**General Meeting**") and accompanying form of proxy ("**Form of Proxy**") to holders of ordinary shares of nominal value £0.00001 each ("**Ordinary Shares**") in the capital of the Company ("**Shareholders**").

A copy of the Circular will be available today on the Company's website at <https://capai.group/investors#circulards> and in accordance with UKLR 22.2.6R of the UK Financial Conduct Authority ("**FCA**"), a copy of the Circular and Form of Proxy have been submitted to the FCA's National Storage mechanism and will shortly be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

The General Meeting is due to be held at the offices of Orrick, Herrington & Sutcliffe (UK) LLP, 9th Floor, 107 Cheapside, London EC2V 6DN, United Kingdom at 4.00 p.m. on 6 October 2025.

Capitalised terms in this Announcement have the meaning given to them in the Circular, unless otherwise defined in this Announcement.

The resolutions to be put to Shareholders at the General Meeting include requests for approval of, *inter alia*:

- the Company's ability to exercise the discretionary options (each, an "**Option**" and together, the "**Options**") granted under each of definitive English law governed licence and option agreements ("**LOAs**") with R42 Group LLC ("**R42**") to acquire full ownership of the intellectual property ("**IP**") associated with each of Author42, Creator42 and Game42, with any such exercise constituting a substantial property transaction ("**SPT**") for the purposes of section 190 of the UK Companies Act 2006, as amended ("**Companies Act 2006**");
- the consolidation of the Ordinary Shares on a 10:1 basis ("**Share Consolidation**"); and
- the Company's adoption of new articles of association ("**New Articles**").

Options

The Circular contains, *inter alia*, details of capAI's entry into LOAs with R42 for:

- Author42, R42's generative artificial intelligence ("**AI**") publishing platform ("**Author42 LOA**");
- Creator42, R42's generative AI book-to-cinematic content platform ("**Creator42 LOA**"); and
- Game42, R42's generative AI book-to-game platform ("**Game42 LOA**").

As previously announced by the Company, each LOA contains an Option for capAI to acquire full ownership of the IP associated with each of Author42 (RNS: 5896S), Creator42 (RNS: 2146X) and Game42 (RNS: 6241X), respectively.

The grant of the Options does not singularly or in aggregate constitute an SPT. However, the exercise of any Option would constitute an SPT under section 190 of Companies Act 2006, as the consideration under each LOA is to be satisfied by the allotment and issue of new Ordinary Shares and/or non-transferable unsecured convertible loan notes carrying a 10% non-compounding annual interest rate to R42, a body corporate connected with Professor Ronjon Nag, a director of the Company. Accordingly, any exercise of the Options requires the prior approval of Shareholders.

The board of directors (the "**Board**"; "**Directors**") wish to clarify that they have no immediate plans to exercise any of

the Options and shall do so only when appropriate and in good faith to promote the success of the Company for the benefit of the Shareholders as a whole. However, given that other business is already being put before Shareholders at this General Meeting, the inclusion of these Resolutions is intended to ensure that the Company has the necessary Shareholder authorities in place for the Board to exercise any of the Options in the future should it wish to do so, and thereby avoid the time and expense of convening a separate general meeting.

Share Consolidation

The Company currently has 3,733,930,636 Ordinary Shares in issue ("**Existing Ordinary Shares**").

The Company therefore has a large number of Existing Ordinary Shares when compared with companies of a similar market capitalisation with an equity shares (transition) category listing. The Share Consolidation will bring the Company closer to the issued share capital of such companies. With shares of low denominations, small absolute movements in the share price can represent large percentage movements resulting in volatility. The Board also believes that the bid-offer spread on shares priced at low absolute levels can be disproportionate to the price per Ordinary Share and therefore to the detriment of Shareholders.

The Board is of the view that it would benefit the Company and Shareholders to reduce the number of Existing Ordinary Shares in issue with a resulting adjustment in the market price of such shares, by consolidating the Existing Ordinary Shares on the basis of every 10 Existing Ordinary Shares of nominal value £0.00001 each held by a Shareholder being consolidated into one new Ordinary Share of nominal value £0.0001 ("**New Ordinary Shares**"). This is expected to assist in reducing the volatility in the Company's share price and enable a more consistent valuation of the Company, making the Company's shares more attractive to institutional investors.

It would also enable the Company to pursue an Over-the-Counter ("**OTC**") listing of the New Ordinary Shares in the United States, as the eligibility criteria for such listings include a minimum trading price of US 0.01.

As a result of the Share Consolidation, any shareholding of Existing Ordinary Shares that is not exactly divisible by 10 will be rounded down to the nearest whole number of New Ordinary Shares, and the Shareholder in question will be left with an entitlement to a fraction of a New Ordinary Share. If a Shareholder's holding comprises fewer than 10 Existing Ordinary Shares at the record time for the Share Consolidation, the shareholding will still be consolidated and will result in the Shareholder no longer being a member of the Company in relation to that holding.

A further announcement will be made in due course regarding the Company's new total number of New Ordinary Shares in issue and voting rights should the requisite Resolution be passed at the General Meeting and the Share Consolidation proceed.

New Articles

The Company's current articles of association (the "**Articles**") were adopted in 2017 and have since been amended on two occasions. The Board proposes to adopt New Articles to update and consolidate the Company's constitutional provisions. The changes reflected in the New Articles reflect developments in company law and market practice since the Articles were last comprehensively reviewed. In particular, the proposed New Articles:

- contain provisions that all resolutions at general meetings and annual general meetings of Shareholders will be decided exclusively by a poll, ensuring voting power always reflects shareholdings;
- permits general meetings and annual general meetings of Shareholders to be held as physical, electronic, or hybrid meetings, allowing for remote participation by Shareholders;
- contain provision that the Board's borrowing powers are restricted so that group borrowings may not exceed £25,000,000 without Shareholder approval;
- increase the aggregate annual cap on Directors' fees from £200,000 to £2,000,000, unless otherwise approved by Shareholders; and
- provides for enhanced and more detailed provisions for electronic communication and the use of websites for sending notices and documents to Shareholders.

The New Articles also contain a number of other updates and clarifications to align with current best practice. The adoption of the New Articles will not result in any change to Shareholders' rights beyond those described above and in the marked-up version made available to Shareholders. The Board believes these updates will improve clarity, reflect current practice and ensure the Articles remain fit for purpose.

In particular, the Board wishes to clarify that:

- the restriction on borrowing powers has been set at a level designed to provide the Company with long-term flexibility in arranging debt facilities to support future growth, thereby avoiding the need for repeated amendments to the Articles; and
- the proposed increase in the aggregate annual cap on Directors' fees is an enabling provision, consistent with market practice, intended to give the Board flexibility in structuring remuneration in the future if appropriate. For the avoidance of doubt, this amendment does not reflect any intention to alter the existing arrangements with Professor Ronjon Nag and Richard Edwards, as announced on 12 March 2025 via RIS (RNS: 2759A). They will continue to neither accrue nor be paid any salary or Directors' fees for their roles and their remuneration will remain entirely performance-related and contingent on share price appreciation.

A copy of the proposed New Articles marked up to show all proposed changes and a clean version of the New Articles will be available to view on the Company's website at <https://www.cymru.com/financials/index.htm>. The New

Articles will be available to view on the Company's website at <https://capal.group/investors#circulairs>. The New Articles (and a version highlighting the proposed changes) will also be on display at the place of the General Meeting from 15 minutes prior to its commencement until its conclusion.

If this Resolution is passed, the New Articles will be adopted as the articles of association of the Company with effect from the close of the General Meeting.

Re-designation of share class

In preparing for the Share Consolidation, the Company has reviewed the two groups of deferred shares in issue (the "Deferred Shares"), each carrying only *de minimis* economic rights. Although both groups have identical rights under the Company's Articles, their different nominal values mean they are technically treated as separate classes under CA 2006. To ensure clarity, the Board has resolved to rename one group of Deferred Shares as Deferred B Shares (the "Deferred B Shares").

The above re-designation is purely an administrative step. No new shares have been issued, and the rights attached to the Deferred B Shares (including voting, dividend and capital rights) remain unchanged. The re-designation does not constitute a variation of class rights under the Articles and therefore did not require shareholder approval. The requisite statutory notice has been filed, and the rights of each of the Deferred Shares and the Deferred B Shares are set out in the New Articles to be adopted following the General Meeting.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Dispatch of the Circular	17 September 2025
Latest time and date for receipt of Form of Proxy	4.00 p.m. on 2 October 2025
General Meeting	4.00 p.m. on 6 October 2025
Announcement of the results of the General Meeting	6 October 2025
Last day to trade in the Existing Ordinary Shares and the record date for the Consolidation	7 October 2025
Expected date of Admission and first day of dealings in the new Ordinary Shares	8.00 a.m. on 8 October 2025
CREST accounts credited with the New Ordinary Shares (in respect of uncertificated shares)	8 October 2025
Expected date of dispatch of share certificates in respect of any New Ordinary Shares held in certificated form	By 20 October 2025

Each of the times and dates set out above and mentioned elsewhere in the Circular may be subject to change at the absolute discretion of the Company. All times referred to in this announcement are, unless otherwise stated, references to London, UK.

Any changes to the expected timetable of principal events will be notified by the Company through a RIS.

SHARE INFORMATION

Number of Existing Ordinary Shares	3,733,930,636
Nominal value of each Existing Ordinary Share	£0.00001
Number of Existing Ordinary Shares under Warrants	1,514,876,199
Ratio for the Share Consolidation	10 to 1
Expected number of New Ordinary Shares on Admission and following the Share Consolidation ¹	373,393,063
Nominal value of each New Ordinary Share	£0.0001
Expected number of New Ordinary Shares under Warrants	151,487,619

¹ The expected number of New Ordinary Shares is calculated as at 16 September 2025 (being the Latest Practicable Date). The final number of New Ordinary Shares at Admission may change due to the calculation of Fractional Entitlements following the Consolidation based on the holdings of Existing Ordinary Shares as at the record date for the Consolidation.

Dealing codes

ISIN for the Existing Ordinary Shares	GB00BMWC6Q55
SEDOL code for the Existing Ordinary Shares	BMWC6Q5
ISIN for the New Ordinary Shares	GB00BV2FG348
SEDOL code for the New Ordinary Shares	BV2FG34
TIDM	CPAI
LEI	2138001VPZ932NP24O44

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