

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, solicitor, accountant, bank manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are in the United Kingdom of Great Britain and Northern Ireland ("UK" or "United Kingdom") or, if not, from another appropriately authorised financial adviser.

If you have recently sold or otherwise transferred your ordinary shares of nominal value £0.00001 each ("**Existing Ordinary Shares**") in the capital of capAI plc (the "**Company**" or "**capAI**"), please send this document, together with the accompanying form of proxy ("**Form of Proxy**"), as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The registered office of the Company is 9 Innovation Place, Douglas Drive, Godalming, Surrey GU7 1JX, United Kingdom ("**Registered Office**").

The distribution of this document in 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 such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute any offer to issue or sell or a solicitation of any offer to subscribe for or buy Existing Ordinary Shares or any other securities of the Company.

The new ordinary shares of nominal value £0.0001 each in the capital of the Company (the "**New Ordinary Shares**") formed as a result of the proposed consolidation of the Existing Ordinary Shares in a ratio of 10 to 1 (the "**Share Consolidation**") have not been, and will not be, registered under the U.S. Securities Act of 1933 (as amended, the "**U.S. Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States of America, its territories or possessions (the "**United States**" or "**U.S.**") and such New Ordinary Shares may not be offered, sold or resold in the United States unless registered under the U.S. Securities Act or in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and in compliance with applicable securities laws of any state or other jurisdiction.

Application will be made to the UK Financial Conduct Authority (the "**FCA**") and London Stock Exchange plc (the "**London Stock Exchange**"), respectively, for the New Ordinary Shares resulting from the proposed Share Consolidation to be admitted to a listing on the equity shares (transition) category of the official list maintained by the FCA pursuant to Part VI of FSMA ("**Official List**") under Chapter 22 of the UK listing rules made by the FCA under section 73A of FSMA (an "**ES(T)C Listing**") ("**UKLRs**") and to trading on the main market for listed securities of the London Stock Exchange (the "**Main Market**") ("**Admission**").



capAI plc

(Incorporated and registered in England & Wales with company number 07611240)

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

Notice of the general meeting of the Company ("**General Meeting**") to be held at 4.00 p.m. on 6 October 2025 at the offices of Orrick, Herrington & Sutcliffe (UK) LLP, 9th Floor, 107 Cheapside, London EC2V 6DN, United Kingdom is set out at the end of this document.

All voting on the resolutions (each, a "Resolution", and together, the "Resolutions") at the General Meeting will be conducted on a poll, which means that you should submit your Form of Proxy as soon as possible. There will be a limited opportunity to submit a separate poll card in a short interval after the General Meeting formally concludes. To be valid, the Form of Proxy accompanying this document must be completed and returned, in accordance with the instructions printed on it, so as to be received by the Company's registrar ("Registrar"), Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom as soon as possible, but in any event not later than 4.00 p.m. on 2 October 2025.

This document should be read in conjunction with the accompanying Form of Proxy and the definitions set out in this document. The whole of this document should be read and, in particular, your attention is drawn to the letter from the Executive Chairman on pages 9 to 23 of this document.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied on 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 it is correct as at any subsequent time.

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Expected timetable of principal events, statistics and dealing codes

Expected timetable of principal events

Dispatch of this document	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 Share 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 this document may be subject to change at the absolute discretion of the Company. All times referred to in this document 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 regulatory information service (a "RIS").

Statistics

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 before the publication of this document ("**Latest Practicable Date**"). The final number of New Ordinary Shares at Admission may change due to the calculation of Fractional Entitlements following the Share Consolidation based on the holdings of Existing Ordinary Shares as at the record date for the Share 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	213800IVPZ932NP24O44

Definitions

In this document, the words and expressions listed below have the meanings set out opposite them, except where the context otherwise requires:

"Admission"	admission of 373,393,063 New Ordinary Shares arising from the Share Consolidation to an ES(T)C Listing and to trading on the Main Market;
"AI"	artificial intelligence;
"Alliance Agreement"	the English law governed strategic alliance agreement made between the Company and R42 and dated 26 May 2025;
"Articles"	the articles of association of the Company as at the date of this document;
"Author42"	Author42, a generative AI publishing platform;
"Author42 Consideration Shares"	such number of new Ordinary Shares of equivalent value to the Author42 Option Consideration, calculated based on the VWAP of the Ordinary Shares on the Main Market over the 20 trading days preceding the date on which the Company exercises the Author42 Option;
"Author42 Issuable Consideration Shares"	such number of Author42 Consideration Shares that may be allotted and issued by the Company in compliance with the Regulatory Obligations;
"Author42 Licence"	the exclusive, royalty-free, worldwide licence to use, develop, copy, modify, commercialise and sub-license Author42, granted by R42 to the Company pursuant to the Author42 LOA;
"Author42 Licence Period"	the period of 12 months from the date of the Author42 LOA;
"Author42 LOA"	the licence and option agreement pertaining to the in-licencing of Author42 by the Company from R42, entered into between the Company and R42 on 24 July 2025;
"Author42 Option"	the irrevocable option, exercisable at any time during the Author 42 Licence Period for the Company to acquire full legal and beneficial ownership of the Author42 IP in accordance with the Author42 LOA;
"Author42 Option Consideration"	consideration of £2,000,000 payable by the Company to R42 to exercise the Author42 Option;
"Board"	the board of Directors;
"Business Day"	any day on which the London Stock Exchange is open for business and banks are open for business in London, UK, excluding Saturdays and Sundays;
"CGT"	UK capital gains tax and UK corporation tax on chargeable gains;
"Chair"	the chair of the General Meeting;
"Companies Act 2006"	UK Companies Act 2006;
"Company" or "capAI"	capAI plc;
"Consideration Shares"	the Author42 Consideration Shares, the Creator42 Consideration Shares and the Game42 Consideration Shares;

"Creator42"	an AI-powered creative hub designed to transform written works into cinematic content across social media and film being developed by R42 known as Creator42;
"Creator42 Completion Notice"	a notice to be delivered by R42 to the Company under the Creator42 LOA that Creator42 meets the mutually agreed minimum functional, technical and usability features agreed between R42 and the Company (in accordance with the Alliance Agreement);
"Creator42 Consideration Shares"	such number of new Ordinary Shares of equivalent value to the Creator42 Option Consideration, calculated based on the VWAP of the Ordinary Shares on the Main Market over the 20 trading days preceding the date on which the Company exercise the Creator42 Option;
"Creator42 Issuable Consideration Shares"	such number of Creator42 Consideration Shares that may be allotted and issued by the Company in compliance with the Regulatory Obligations;
"Creator42 Licence"	the exclusive, royalty-free, worldwide licence to use, develop, copy, modify, commercialise and sub-license Creator42, granted by R42 to the Company pursuant to the Creator42 LOA;
"Creator42 Licence Period"	the period of 12 months from the date of receipt by capAI of the Creator42 Completion Notice;
"Creator42 LOA"	the licence and option agreement pertaining to the in-licencing of Creator42 entered into between the Company and R42 on 28 August 2025;
"Creator42 Option"	the irrevocable option to acquire the full legal and beneficial ownership of Creator42, granted by R42 to the Company pursuant to the Creator42 LOA;
"Creator42 Option Consideration"	consideration of £2,000,000 payable by the Company to R42 to exercise the Creator42 Option;
"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 in uncertificated form;
"CREST Regulations"	Uncertificated Securities Regulations 2001 (<i>SI 2001/3755</i>) (including as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018);
"Directors"	the statutory directors of the Company;
"Disclosure Guidance and Transparency Rules" or "DTRs"	disclosure guidance and transparency rules of the Financial Conduct Authority in the United Kingdom made in accordance with section 73A of FSMA;
"document"	this document;
"ES(T)C Listing"	a listing on the equity shares (transition) category of the Official List under Chapter 22 of the UKLRs;
"Euroclear"	Euroclear UK & International Limited, a company incorporated in England & Wales with company number 02878738, being the operator of CREST;
"Executive Chairman"	Richard Edwards, being the Director designated by the Board as the Executive Chairman;

"Existing Ordinary Shares"	ordinary shares of nominal value £0.00001 each in the capital of the Company, prior to the Share Consolidation;
"FCA"	UK Financial Conduct Authority;
"Form of Proxy"	the form of proxy for use in connection with the General Meeting, which is enclosed with this document;
"Fractional Entitlement"	a Shareholders' entitlement to a fraction of a New Ordinary Share as a result of the Share Consolidation;
"FSMA"	UK Financial Services and Markets Act 2000;
"Game42"	an AI-powered book-to-game conversion platform being developed by R42 known as Game42;
"Game42 Completion Notice"	a notice to be delivered by R42 to the Company under the Game42 LOA that Game42 meets the mutually agreed minimum functional, technical and usability features agreed between R42 and the Company (in accordance with the Alliance Agreement);
"Game42 Consideration Shares"	such number of new Ordinary Shares of equivalent value to the Game42 Option Consideration, calculated based on the VWAP of the Ordinary Shares on the Main Market over the 20 trading days preceding the date on which the Company exercise the Game42 Option;
"Game42 Issuable Consideration Shares"	such number of Game42 Consideration Shares that may be allotted and issued by the Company in compliance with the Regulatory Obligations;
"Game42 Licence"	the exclusive, royalty-free, worldwide licence to use, develop, copy, modify, commercialise and sub-license Game42, granted by R42 to the Company pursuant to the Game42 LOA;
"Game42 Licence Period"	the period of 12 months from the date of receipt by capAI of the Game42 Completion Notice;
"Game42 LOA"	the licence and option agreement pertaining to the in-licencing of Game42 entered into between the Company and R42 on 30 August 2025;
"Game42 Option"	the irrevocable option to acquire the full legal and beneficial ownership of Game42, granted by R42 to the Company pursuant to the Game42 LOA;
"Game42 Option Consideration"	consideration of £2,000,000 payable by the Company to R42 to exercise the Game42 Option;
"HOTs"	heads of terms;
"Independent Directors"	the Directors other than Professor Ronjon Nag;
"IP"	intellectual property;
"Latest Practicable Date"	16 September 2025 (being the latest practicable date before the publication of this document).
"LOAs"	collectively, the Author42 LOA, the Creator42 LOA and the Game42 LOA, and "LOA" means any of them;
"London Stock Exchange"	London Stock Exchange plc;

"Main Market"	the main market for listed securities of the London Stock Exchange;
"MVP"	minimum viable product;
"New Articles"	the new articles of association of the Company proposed to be adopted at the General Meeting;
"New Ordinary Shares"	ordinary shares of nominal value £0.0001 each in the capital of the Company arising as a result of the Share Consolidation;
"Notice of General Meeting"	the notice convening the General Meeting, which is enclosed with this document;
"Official List"	the official list maintained by the FCA pursuant to Part VI of FSMA;
"Options"	means the Author42 Option, the Creator42 Option and the Game42 Option, and "Option" means any of them;
"Ordinary Shares"	at any time prior to the Share Consolidation, the Existing Ordinary Shares, and at any time after the Share Consolidation, the New Ordinary Shares;
"Prospectus Regulation Rules"	prospectus regulation rules made by the FCA under section 73A of FSMA;
"R42"	R42 Group LLC;
"Register of Members"	register of Shareholders maintained by the Registrar;
"Registered Office"	registered office of the Company from time to time, being, as at the date of this document, at 9 Innovation Place, Douglas Drive, Godalming, Surrey GU7 1JX, United Kingdom.
"Registrar"	Computershare Investor Services PLC, the registrar of the Company;
"Regulatory Obligations"	the Company's obligations in respect of the allotment and issue of the Consideration Shares under Rule 9 of the Takeover Code and in respect of "prospectus headroom" under the Prospectus Regulation Rules;
"Resolutions"	the resolutions set out in the notice of General Meeting contained within this document;
"RIS"	a regulatory information service that is on the list of regulatory information services maintained by the FCA;
"Share Consolidation"	the proposed consolidation of the Existing Ordinary Shares in a ratio of 10 to 1;
"Shareholder"	a registered holder of Ordinary Shares;
"Takeover Code"	City Code on Takeovers and Mergers;
"UCLNs"	non-transferable unsecured convertible loan notes which may be issued by the Company to R42 on exercise of any Option;
"UK" or "United Kingdom"	United Kingdom of Great Britain and Northern Ireland;
"UK IFRS"	UK-adopted International Financial Reporting Standards;
"UKLRs"	UK listing rules made by the FCA under section 73A of FSMA;

"United States" or "U.S."	United States of America, its territories or possessions;
"U.S. Securities Act"	U.S. Securities Act of 1933, as amended;
"VWAP"	volume-weighted average price; and
"Warrants"	warrants exercisable into new Ordinary Shares.

All references to legislation or regulation in this document are to the legislation of England & Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation in this document shall include any amendment, modification, supplement, re-enactment, or extension thereof.

Letter from the Executive Chairman



capAI plc

(Incorporated and registered in England & Wales with company number 07611240)

Directors:

Richard Andrew Edwards	<i>Executive Chairman</i>
Professor Ronjon Nag	<i>Executive Director</i>
Sarah Jane Davy	<i>Non-Executive Director</i>
Marcus Yeoman	<i>Independent Non-Executive Director</i>

Registered Office:

9 Innovation Place
Douglas Drive
Godalming
Surrey GU7 1JX
United Kingdom

17 September 2025

Dear Shareholder,

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

I am writing in my capacity as Executive Chairman to invite you to the General Meeting of the Company to be held at 4.00 p.m. on 6 October 2025 at the offices of Orrick, Herrington & Sutcliffe (UK) LLP at 9th Floor, 107 Cheapside, London EC2V 6DN, United Kingdom.

1. Introduction

On 7 July 2025, the Company announced via RIS (RNS number: 9994P) that it had entered into English law governed non-binding heads of terms ("**HOTs**") with R42 Group LLC ("**R42**") for the exclusive licensing of the proprietary technology developed by R42 known as Author42, being an artificial intelligence ("**AI**")-powered book-writing platform ("**Author42**").

On 25 July 2025, the Company announced via RIS (RNS number: 5896S) that it had entered into an English law governed licence and option agreement (cast as a deed) in respect of Author42 with R42 (the "**Author42 LOA**").

On 4 August 2025 and 5 August 2025, the Company announced via RIS (RNS numbers: 8390T and 0154U) that it had entered into further English law governed non-binding HOTs with R42 for the exclusive licensing of the following proprietary technologies:

- Game42, an AI-powered book-to-game conversion platform being developed by R42 ("**Game42**"); and
- Movie42, an AI-powered book-to-movie conversion platform being developed by R42 ("**Movie42**").

On 29 August 2025, the Company announced via RIS (RNS number: 2146X) that it had entered into an English law governed licence and option agreement (cast as a deed) in respect of Creator42 with R42 (the "**Creator42 LOA**"). The Creator42 LOA followed the non-binding HOTs for Movie42 and whilst the terms remain aligned with that framework, Creator42 represents a natural evolution of Movie42, broadening the original concept to encompass both short-form and long-form adaptation within a single creative hub.

On 2 September 2025, the Company announced via RIS (RNS number: 6241X) that it had entered into an English law governed licence and option agreement (cast as a deed) in respect of Game42 with R42 (the "**Game42 LOA**").

(together with the Author42 LOA, each, a "**LOA**", and together, the "**LOAs**").

Summaries of the principal terms of the Author42 LOA, Creator42 LOA and the Game42 LOA are set out in paragraphs 2(b), 3(b) and 4(b) (respectively) of this letter, and the commercial rationale for the Company's proposed entry into such LOAs is set out in paragraph 5 of this letter.

The Company also intends to carry out the Share Consolidation whereby the Company will consolidate the Existing Ordinary Shares at a ratio of 10 to 1. Further details of the Share Consolidation are set out in paragraph 8 of this letter.

Finally, the Company also intends to adopt new articles of association (the "**New Articles**") to update and consolidate the Company's constitutional provisions. Further details are set out in paragraph 9 of this letter.

2. Author42

(a) Overview of Author42

Author42 is a next-generation generative AI platform combining narrative tools, character development, plot structuring, and market intelligence. It enables scalable, data-informed content creation across fiction and non-fiction formats, supporting the needs of modern authors, publishers, and independent creators.

(b) Principal terms of the Author42 LOA

Pursuant to the Author42 LOA:

- R42 has granted the Company an exclusive, royalty-free, worldwide licence to use, develop, copy, modify, commercialise and sub-license Author42 (the "**Author42 Licence**") for a period of 12 months from the date of the Author42 LOA (the "**Author42 Licence Period**");
- during the Author42 Licence Period, the Company shall in good faith develop, promote and commercialise Author42 in accordance with the governance provisions in the English law governed strategic alliance agreement made between the Company and R42 dated 26 May 2025 (the "**Alliance Agreement**");
- R42 has granted the Company an irrevocable option to acquire the full legal and beneficial ownership of Author42 at any time during the Author42 Licence Period (the "**Author42 Option**"), provided that R42 shall have no ability to require or oblige capAI to exercise the Author42 Option;
- on exercising the Author42 Option, the Company shall pay consideration of £2,000,000 to R42 (the "**Author42 Option Consideration**"), and the Company and R42 have agreed that the Company shall satisfy the Author42 Option Consideration through:
 - the allotment and issue by the Company of new Ordinary Shares of equivalent value to the Author42 Option Consideration, calculated based on the VWAP of the Ordinary Shares on the Main Market over the 20 trading days preceding the date on which the Company exercise the Author42 Option (the "**Author42 Consideration Shares**"); or
 - if (i) as a result of the allotment and issue of the Author42 Consideration Shares to R42, R42 and any persons acting in concert (as such term is defined in the UK City Code on Takeovers and Mergers (the "**Takeover Code**")) with R42 would be required to make a mandatory offer for the Company pursuant to Rule 9 of the Takeover Code; and/or (ii) the Company does not have sufficient "prospectus headroom" for the purposes of the prospectus regulation rules made

by the FCA under section 73A of FSMA (the "**Prospectus Regulation Rules**") (such obligations under the Takeover Code and the Prospectus Regulation Rules being the "**Regulatory Obligations**"), the issue of such number of Author42 Consideration Shares that may be issued in compliance with the Regulatory Obligations (the "**Author42 Issuable Consideration Shares**") together with non-transferable unsecured convertible loan notes ("**UCLNs**") of a value equal to the value of the total Author42 Consideration Shares less the value of the Author42 Issuable Consideration Shares;

- the UCLNs are convertible at the option of R42 into new Ordinary Shares at an exercise price equivalent to the price per Author42 Consideration Shares and carry a non-compounding interest rate of 10% per annum payable in arrears in cash or in further UCLNs (at the option of the Company);
- on the allotment and issue of any Author42 Consideration Shares (or the allotment and issue of any new Ordinary Shares following the conversion of any UCLNs), the Company shall procure that such Author42 Consideration Shares (or new Ordinary Shares on conversion of the UCLNs) are admitted to an ES(T)C Listing on the Official List and to trading on the Main Market, in each case in compliance with the Regulatory Obligations;
- to the extent the Company exercises the Author42 Option:
 - R42 shall transfer full intellectual property ("**IP**") rights (including derivative works created by the Company) in Author42 to the Company; and
 - thereafter, R42 shall be entitled to receive 20% of the net proceeds arising from any monetisation, sale, disposal or liquidity event attributable to all or substantially all of Author42; and
- R42 shall undertake to the Company, for the Author42 Licence Period and (subject to exercise of the Author42 Option) a further period of two years from completion of the exercise of the Author42 Option, not to, directly or indirectly, license, develop, or commercialise any product or platform substantially similar in scope or function to Author42, or which competes or is reasonably likely to compete with Author42, except with the prior written consent of the Company.

3. **Creator42**

(a) Overview of Creator42

Creator42 is an integrated suite of AI-driven products that together aim to create a multi-stage pathway from book-to-screen, targeting both the fast-expanding short-form content market and the longer-form book-to-film opportunity:

- Sizzle42 - is intended to generate high-energy cinematic "sizzle" reels for short-form platforms such as TikTok, Instagram, and YouTube Shorts, providing authors and publishers with instant access to billions of daily social video views;
- Teaser42 - is intended to produce pre-trailers and short previews designed to build audience anticipation and drive engagement ahead of full releases; and
- Movie42 - is intended to automate long-form adaptation, converting narrative text into cinematic storyboards, scripts, and production-ready assets.

(b) Principal terms of the Creator42 LOA

Pursuant to the Creator42 LOA:

- R42 shall continue to develop Creator42 and shall aim to deliver a notice to the Company by 30 September 2025 confirming that Creator42 meets agreed minimum viable product ("**MVP**") criteria and is functionally complete and ready for commercialization, albeit not

necessarily final or market-polished, such determination to be made in consultation with the Company/R42 committee formed under the Alliance Agreement (the "**Creator42 Completion Notice**");

- if R42 has not delivered a Creator42 Completion Notice to the Company by 31 March 2026, either R42 or the Company may terminate the Creator42 LOA on written notice to the other;
- following delivery of the Creator42 Completion Notice, R42 will grant the Company an exclusive, royalty-free, worldwide licence to use, develop, copy, modify, commercialise and sub-license Creator42 (the "**Creator42 Licence**") for a period of 12 months from of receipt by the Company of the Creator42 Completion Notice (the "**Creator42 Licence Period**");
- during the Creator42 Licence Period, the Company shall in good faith develop, promote and commercialise Creator42 in accordance with the governance provisions in the Alliance Agreement;
- R42 will grant the Company an irrevocable option to acquire the full legal and beneficial ownership of Creator42 (together with all derivative works), exercisable at any time during the Creator42 Licence Period (the "**Creator42 Option**") provided that R42 shall have no ability to require or oblige capAI to exercise the Creator42 Option;
- on exercising the Creator42 Option, the Company shall pay consideration of £2,000,000 to R42 (the "**Creator42 Option Consideration**"), and the Company and R42 have agreed that the Company shall satisfy the Creator42 Option Consideration through:
 - the allotment and issue by the Company of new Ordinary Shares of equivalent value to the Creator42 Option Consideration, calculated based on the VWAP of the Ordinary Shares on the Main Market over the 20 trading days preceding the date on which the Company exercise the Creator42 Option (the "**Creator42 Consideration Shares**"); or
 - if (i) as a result of the allotment and issue of the Consideration Shares to R42, R42 and any persons acting in concert (as such term is defined in the Takeover Code) with R42 would be required to make a mandatory offer for the Company pursuant to Rule 9 of the Takeover Code; and/or (ii) the Company does not have sufficient "prospectus headroom" for the purposes of the Prospectus Regulation Rules, the issue of such number of Creator42 Consideration Shares that may be issued in compliance with the Regulatory Obligations (the "**Creator42 Issuable Consideration Shares**") together with UCLNs of a value equal to the value of the total Creator42 Consideration Shares less the value of the Creator42 Issuable Consideration Shares;
- the UCLNs are convertible at the option of R42 into new Ordinary Shares at an exercise price equivalent to the price per Creator42 Consideration Shares and carry a non-compounding interest rate of 10% per annum payable in arrears in cash or in further UCLNs (at the option of the Company);
- on the allotment and issue of any Creator42 Consideration Shares (or the allotment and issue of any new Ordinary Shares following the conversion of any UCLNs), the Company shall procure that such Creator42 Consideration Shares (or new Ordinary Shares on conversion of the UCLNs) are admitted to an ES(T)C Listing on the Official List and to trading on the Main Market, in each case in compliance with the Regulatory Obligations;
- to the extent the Company exercises the Creator42 Option:
 - R42 shall transfer full IP rights (including derivative works created by the Company) in Creator42 to the Company; and
 - thereafter, R42 shall be entitled to receive 20% of the net proceeds arising from any monetisation, sale, disposal or liquidity event attributable to all or

substantially all of the Creator42 IP; and

- R42 shall undertake to the Company, for the Creator42 Licence Period and (subject to exercise of the Creator42 Option) a further period of two years from completion of the exercise of the Creator42 Option, not to, directly or indirectly, license, develop, or commercialise any product or platform substantially similar in scope or function to Creator42, or which competes or is reasonably likely to compete with Creator42, except with the prior written consent of the Company.

4. **Game42**

(a) Overview of Game42

Game42 is a next-generation generative AI platform that transforms written content into immersive, interactive game experiences. It combines intelligent narrative adaptation, procedural level design, dynamic dialogue systems, and AI-powered character rendering.

(b) Principal terms of the Game42 LOA

Pursuant to the Game42 LOA:

- R42 shall continue to develop Game42 and shall aim to deliver a notice to the Company by 31 December 2025 confirming that Game42 meets agreed MVP criteria and is functionally complete and ready for commercialization, albeit not necessarily final or market-polished, such determination to be made in consultation with the Company/R42 committee formed under the Alliance Agreement (the "**Game42 Completion Notice**");
- if R42 has not delivered a Game42 Completion Notice to the Company by 30 June 2026, either R42 or the Company may terminate the Game42 LOA on written notice to the other;
- following delivery of the Game42 Completion Notice, R42 will grant the Company an exclusive, royalty-free, worldwide licence to use, develop, copy, modify, commercialise and sub-license Game42 (the "**Game42 Licence**") for a period of 12 months from the date of receipt by the Company of the Game42 Completion Notice (the "**Game42 Licence Period**");
- during the Game42 Licence Period, the Company shall in good faith develop, promote and commercialise Game42 in accordance with the governance provisions in the Alliance Agreement;
- R42 will grant the Company an irrevocable option to acquire the full legal and beneficial ownership of Game42 (together with all derivative works), exercisable at any time during the Game42 Licence Period (the "**Game42 Option**") provided that R42 shall have no ability to require or oblige capAI to exercise the Game42 Option;
- on exercising the Game42 Option, the Company shall pay consideration of £2,000,000 to R42 (the "**Game42 Option Consideration**"), and the Company and R42 have agreed that the Company shall satisfy the Game42 Option Consideration through:
 - the allotment and issue by the Company of new Ordinary Shares of equivalent value to the Game42 Option Consideration, calculated based on the VWAP of the Ordinary Shares on the Main Market over the 20 trading days preceding the date on which the Company exercise the Game42 Option (the "**Game42 Consideration Shares**"); or
 - if (i) as a result of the allotment and issue of the Consideration Shares to R42, R42 and any persons acting in concert (as such term is defined in the Takeover Code) with R42 would be required to make a mandatory offer for the Company pursuant to Rule 9 of the Takeover Code; and/or (ii) the Company does not have sufficient "prospectus headroom" for the purposes of the Prospectus Regulation Rules, the issue of such number of Game42 Consideration Shares that may be

issued in compliance with the Regulatory Obligations (the "**Game42 Issuable Consideration Shares**") together with UCLNs of a value equal to the value of the total Game42 Consideration Shares less the value of the Game42 Issuable Consideration Shares;

- the UCLNs are convertible at the option of R42 into new Ordinary Shares at an exercise price equivalent to the price per Game42 Consideration Shares and carry a non-compounding interest rate of 10% per annum payable in arrears in cash or in further UCLNs (at the option of the Company);
- on the allotment and issue of any Game42 Consideration Shares (or the allotment and issue of any new Ordinary Shares following the conversion of any UCLNs), the Company shall procure that such Game42 Consideration Shares (or new Ordinary Shares on conversion of the UCLNs) are admitted to an ES(T)C Listing on the Official List and to trading on the Main Market, in each case in compliance with the Regulatory Obligations;
- to the extent the Company exercises the Game42 Option:
 - R42 shall transfer full IP rights (including derivative works created by the Company) in Game42 to the Company; and
 - thereafter, R42 shall be entitled to receive 20% of the net proceeds arising from any monetisation, sale, disposal or liquidity event attributable to all or substantially all of the Game42 IP; and
- R42 shall undertake to the Company, for the Game42 Licence Period and (subject to exercise of the Game42 Option) a further period of two years from completion of the exercise of the Game42 Option, not to, directly or indirectly, license, develop, or commercialise any product or platform substantially similar in scope or function to Game42, or which competes or is reasonably likely to compete with Game42, except with the prior written consent of the Company.

5. Commercial rationale for the LOAs

The structure of each LOA reflects the Company's strategic and commercial priorities, offering the Company several tangible benefits:

- *Operational flexibility*: the structure enables the Company to validate the commercial potential of Author42, Creator42 and Game42 in a live market setting before committing significant capital to a full acquisition;
- *Capital efficiency*: the structure aligns with the Company's lean incubation model, preserving shareholder value by deferring equity issuance until strategic confidence is established;
- *Risk mitigation*: the structure reduces downside exposure should market or technical viability of Author42, Creator42 or Game42 not meet the Company's expectations, while still granting early-mover advantage and exclusivity; and
- *Commercial validation*: the structure allows for real-world usage, iterative development and early revenue generation in connection with Author42, Creator42 or Game42, thereby de-risking the eventual exercise of the Author42 Option, Creator42 Option or Game42 Option (as applicable).

The structure of each LOA has therefore been designed to balance prudent innovation management and responsible capital deployment with legal and regulatory compliance.

In addition, the Company's entry into the LOAs:

- supports the Company's strategic buildout of capMedia, an AI-powered content division aligned with the Company's multi-segment AI operating model; and

- is consistent with the terms of its strategic alliance with R42 (pursuant to the Alliance Agreement), as announced by the Company via a RIS (RNS number: 2199K) on 27 May 2025.

6. Substantial property transactions

The allotment and issue of any of the Author42 Consideration Shares, Creator42 Consideration Shares or the Game42 Consideration Shares (together, the "**Consideration Shares**") and UCLNs (as applicable and in compliance with the Regulatory Obligations) by the Company on exercise of any of the Author42 Option, the Creator42 Option or the Game42 Option (together, the "**Options**" and each an "**Option**") under the proposed LOAs each constitute a 'substantial property transaction' under section 190 of the UK Companies Act 2006 (the "**Companies Act 2006**"), as the Company will allot and issue Consideration Shares and/or UCLNs with an aggregate value of £2,000,000 under each LOA to R42, which is a body corporate connected with Professor Ronjon Nag, a director of the Company (a "**Director**") designated as Executive Director.

The exercise of each Option is conditional on the holders of Ordinary Shares (the "**Shareholders**") approving, as a 'substantial property transaction' under section 190 of the Companies Act 2006, each allotment and issue of the Consideration Shares and UCLNs on the exercise of that Option, by passing Resolutions 1 to 3 (inclusive) in the Notice of General Meeting, set out at the end of this document and as summarised below.

The Board of Directors (the "**Board**") wishes to clarify that it has 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, as 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.

Professor Ronjon Nag has voluntarily agreed not to vote on Resolutions 1 to 3 (inclusive) and has undertaken to take all reasonable steps to ensure that his close family and associates who hold Ordinary Shares do not vote on such Resolutions.

7. Related party transactions

The Board consider that the Company's entry into the LOAs with R42 are material related party transactions for the purposes of rule 7.3 of the disclosure guidance and transparency rules of the FCA made in accordance with section 73A of FSMA (the "**Disclosure Guidance and Transparency Rules**" or "**DTRs**").

R42 is a U.S. venture capital firm founded and owned by Professor Ronjon Nag. Professor Nag is, and has been since 1 April 2025, a Director designated as Executive Director. As at 16 September 2025 (being the Latest Practicable Date), Professor Nag personally holds 125,000,000 Ordinary Shares, representing approximately 3.35% of the issued share capital of the Company.

Pursuant to each LOA, R42 has granted or will grant (as applicable) the Author42 Licence, the Creator42 Licence and the Game42 Licence (as applicable) and the relevant Option to the Company. On exercise of the relevant Option, the Company shall pay consideration of £2,000,000 to R42, to be satisfied by the allotment and issue of Consideration Shares and UCLNs (as applicable and in compliance with the Regulatory Obligations) with an aggregate value of £2,000,000 to R42. The aggregate value of the Consideration Shares under the Options is £6,000,000.

The Company confirms that Directors other than Professor Ronjon Nag (the "**Independent Directors**"), having exercised reasonable care, skill and diligence, considered the material related party transactions in respect of the LOAs to be fair and reasonable from the perspective of the Company and the Shareholders who are not a related party (as such term is defined in UK-adopted International Financial Reporting Standards ("**UK IFRS**")).

8. Share Consolidation

(a) *Background to the Share Consolidation*

The Company currently has 3,733,930,636 Ordinary Shares in issue, each of which has a nominal value of £0.00001. The closing price of the Existing Ordinary Shares derived from the Official List on 12 September 2025 was £0.00265.

The Company therefore has a large number of Existing Ordinary Shares when compared with companies of a similar market capitalisation with an ES(T)C 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 by way of a Share Consolidation. 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.

(b) *Summary of the Share Consolidation*

The Share Consolidation will involve 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.

It is proposed that the Company's entire issued ordinary share capital will be consolidated as part of the Share Consolidation, meaning that while the number of Ordinary Shares in issue will change, the proportion of the Company's issued ordinary share capital held by each Shareholder immediately before and after the Share Consolidation will remain unchanged (subject to the treatment of fractional shares resulting from the Share Consolidation, which is described in paragraph 8(c) below). As a result of the Share Consolidation:

- the aggregate nominal value of the aggregate Ordinary Shares will not change;
- the rights attaching to each New Ordinary Share (including rights in respect of voting, the entitlement to receive dividends and rights on a return of capital) will be identical in all respects to those of the Existing Ordinary Shares;
- the number of Ordinary Shares held by each Shareholder will reduce by a factor of approximately 10;
- the market value of an Ordinary Share should increase by a factor of approximately 10 (although the price of Ordinary Shares will continue to fluctuate); and
- the overall value of each Shareholder's existing holding of Ordinary Shares should remain approximately the same (although the value of an investment in New Ordinary Shares will continue to fluctuate).

The Company is seeking the approval of the Shareholders to authorise and effect the Share Consolidation, by passing Resolution 4 in the Notice of General Meeting, set out at the end of this document and as summarised below.

Assuming that: (i) Resolution 4 is passed; (ii) the Share Consolidation occurs; and (iii) no further Existing Ordinary Shares are issued between the Latest Practicable Date and the Share Consolidation becoming effective, the Company will have a maximum of 373,393,063 New Ordinary Shares in issue immediately following the Share Consolidation.

(c) Fractional Entitlements

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 (a "**Fractional Entitlement**"). 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.

Arrangements will be put in place for Fractional Entitlements arising from the Share Consolidation to be aggregated and sold in the market on behalf of Shareholders. The value of any one Shareholder's Fractional Entitlement will not exceed the value of one New Ordinary Share. Based on the closing price of each Existing Ordinary Share of £0.00265 on 12 September 2025, the proceeds from the sale of a Fractional Entitlement should be no more than £0.03.

Proceeds of Fractional Entitlements in excess of £5.00 (if any) will be paid to relevant Shareholders on or around 20 October 2025. Proceeds of the aggregation and sale of Fractional Entitlements of less than £5.00 will be used for the Company's working capital purposes given the administrative burden that returning values of less than £5.00 to Shareholders would place on the Company.

If you hold your Ordinary Shares within a nominee account, then those organisations are responsible for crediting your account with a cash equivalent to the Fractional Entitlement (to the extent the aggregation and sale of Fractional Entitlements exceeds £5.00). The Company does not accept responsibility and will not be held liable for any act or omission by any broker, including, without any limitation, any failure on the part of the broker or any registered Shareholder to notify the holder of any beneficial interest in respect of the distribution or any other matter set out in this document.

Shareholders are advised that the Share Consolidation contemplated in this document may have different consequences for each Shareholder depending on the jurisdiction in which they reside and their other unique circumstances. Shareholders are accordingly advised to seek their own professional advice (including tax advice) in relation to matters contained in this document.

(d) Admission of the New Ordinary Shares

Application will be made for the New Ordinary Shares resulting from the Share Consolidation to be admitted to a listing on an ES(T)C Listing and to trading on the Main Market in place of the Existing Ordinary Shares. Subject to the passing of Resolution 4, it is expected that Admission will become effective and that dealings in New Ordinary Shares will commence on 8 October 2025. Following the Share Consolidation taking effect, the Company's new ISIN code will be GB00BV2FG348 and its new SEDOL code will be BV2FG34.

(e) CREST Accounts

Shareholders who hold Existing Ordinary Shares in uncertificated form will have such shares disabled in their CREST accounts at the record time for the Share Consolidation, and their CREST accounts will be credited with the New Ordinary Shares following Admission, which is expected to take place on 8 October 2025.

(f) Share certificates

In respect of Shareholders who hold their Existing Ordinary Shares in certificated form, their certificate(s) will no longer be valid from the time that the proposed Share Consolidation becomes effective. Such Shareholders will be sent a new share certificate evidencing the New Ordinary Shares to which they are entitled under the Share Consolidation. Such certificates are expected to be dispatched on or around 20 October 2025 by first class post at the risk of the Shareholder. Upon receipt of the new certificate, Shareholders should destroy any old certificates. Pending dispatch of the new certificates, transfers of certificated New Ordinary Shares will be certified against the Company's register of members (the "**Register of Members**").

(g) UK taxation

The following comments are intended only as a general guide to the current tax position under UK taxation law and HMRC published practice, both of which are subject to change (potentially with retrospective effect). They relate only to certain limited aspects of the UK tax treatment of the Share Consolidation for Shareholders who are and will be at the time of implementation the absolute beneficial owners of Ordinary Shares and who are resident and, in the case of individuals, domiciled in, (and only in) the UK for UK tax purposes and who hold, and will hold, their shares in the Company as an investment (and not as securities to be realised in the course of a trade). The following is not, and is not intended to be, an exhaustive summary of the tax consequences of acquiring, holding and disposing of Ordinary Shares or New Ordinary Shares and it does not constitute advice.

The comments may not apply to certain Shareholders who are subject to special rules, such as (but not limited to) dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation and Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. If you are in any doubt as to your tax position or are subject to tax in any jurisdiction other than the UK, you should consult, and rely upon the advice of, a duly authorised professional adviser.

The proposed Share Consolidation should constitute a reorganisation of the Company's share capital for the purposes of UK capital gains tax and UK corporation tax on chargeable gains (together, "**CGT**"). For the purposes of CGT, to the extent that you receive New Ordinary Shares pursuant to the Share Consolidation, you should not be treated to that extent as making a disposal of your Existing Ordinary Shares. Instead, the New Ordinary Shares will be treated, for the purposes of CGT, as the same asset as, and as having been acquired at the same time and for the same aggregate cost as, the holding of Existing Ordinary Shares from which they derive.

A subsequent disposal of New Ordinary Shares may, depending on individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to CGT.

Subject to the following paragraph, to the extent a Shareholder receives a cash payment in respect of Fractional Entitlements, and the amount of the cash payment is small in comparison with the value of that Shareholder's shares held at the time of the payment, that Shareholder will not normally be treated as having made a part disposal of the Shareholder's holding of Ordinary Shares. Instead, an amount equal to the amount of such cash received will be deducted from the base cost in that Shareholder's New Ordinary Shares. Under current HMRC practice, any cash payment of £3,000 or less or (if greater) which is 5% or less of the market value of a shareholder's holding of shares immediately before the distribution will generally be treated as small for these purposes.

However, if the cash payment exceeds the base cost in the Shareholder's New Ordinary Shares, or if the Shareholder does not hold enough Ordinary Shares such that they are not entitled to receive a New Ordinary Share, the Shareholder should be treated as disposing of part or all of their holding of Ordinary Shares, which may give rise to a liability to CGT.

No liability to stamp duty or stamp duty reserve tax should be incurred by a holder of Ordinary Shares as a result of the proposed Share Consolidation.

(h) Effect on Warrants

The Company currently has in issue outstanding warrants over 1,514,876,199 Existing Ordinary Shares (the "**Warrants**"). The Warrants have exercise prices between £0.000375 and £0.0008 per Existing Ordinary Share.

In accordance with the terms of the Warrants, the Existing Ordinary Shares that are subject to Warrants will be adjusted to take account of the Share Consolidation so that:

- the total number of Ordinary Shares to be acquired pursuant to the Warrant will carry, when issued: (i) as nearly as possible (and in any event not less than) the same proportion (expressed as a percentage) of the total number of votes exercisable in

respect of all Ordinary Shares of the vote; and (ii) the same entitlement to participate in the profits and assets of the Company; and

- the exercise price will be as nearly as possible (and in any event not more than) the same as it would have been had there been no such adjustment.

Such adjustments to the entitlements under the Warrants will be subject to the auditors of the Company certifying in writing to the Company and holders of the Warrants that such adjustments are in their opinion fair and reasonable in light of the Share Consolidation.

Holders of the Warrants will be contacted in due course with further information on how their Warrants will be affected by the Share Consolidation.

9. 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.
- 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.

10. General Meeting

In the usual way the Directors ask and encourage Shareholders to vote for the Resolutions by appointing me, as Executive Chairman, as chair of the General Meeting (the "**Chair**") as a Shareholder's proxy. Accordingly, Shareholders are encouraged to complete the Form of Proxy accompanying this document which must be completed and returned, in accordance with the instructions printed on it, so as to be received by the Registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom as soon as possible, but in any event not later than 4.00 p.m. on 2 October 2025.

The General Meeting shall take place at 4.00 p.m. on 6 October 2025.

The Chair will then formally put the Resolutions to the General Meeting and advise of the proxy votes received in advance.

The results of the General Meeting will be announced via a RIS and posted to the Company's website <https://capai.group/> on the day following the General Meeting.

11. Business of the General Meeting

The notes below explain the proposed business of the General Meeting, being the Resolutions.

Resolutions 1 to 4 (inclusive) are proposed as ordinary resolutions. This means that if a Resolution is to be passed, more than half of the votes cast must be in favour of such Resolution. Resolution 5 is proposed as a special resolution. This means that for Resolution 5 to be passed, at least three quarters of the votes cast must be in favour of Resolution 5.

Explanatory notes to Resolutions

Resolution 1

Ordinary Resolution: substantial property transaction – Author42 LOA

Under the Author42 LOA, R42 has granted the Author42 Option to the Company to acquire the full legal and beneficial ownership of Author42 at any time during the Author42 Licence Period. On exercising the Author42 Option, the Company shall pay the Author42 Option Consideration of £2,000,000 to R42, which shall be satisfied by the Company allotting and issuing the Author42 Consideration Shares and UCLNs (as applicable and in compliance with the Regulatory Obligations) with an aggregate value of £2,000,000 to R42.

The terms of the Author42 LOA are summarised in paragraph 2(b) of this document and the Board's plans regarding any exercise of the Author42 Option are summarised in paragraph 6.

The allotment and issue of the Author42 Consideration Shares and UCLNs (as applicable and in compliance with the Regulatory Obligations) by the Company on exercise of the Author42 Option under the Author42 LOA constitute a 'substantial property transaction' under section 190 of the Companies Act 2006, which requires the approval of the Shareholders pursuant to Resolution 1.

Professor Ronjon Nag has voluntarily agreed not to vote on Resolution 1 and has undertaken to take all reasonable steps to ensure that his close family and associates who hold Ordinary Shares do not vote on Resolution 1.

As the Company's proposed entry into the Author42 LOA constitutes a material related party transaction for the purposes of DTR 7.3, the Company confirms that the Independent Directors, having exercised reasonable care, skill and diligence, have considered the material related party transaction to be fair and reasonable from the perspective of the Company and its Shareholders who are not a related party (as such term is defined in UK IFRS).

Resolution 2

Ordinary Resolution: substantial property transaction – Creator42 LOA

Under the Creator42 LOA, R42 shall grant the Creator42 Option to the Company to acquire the full legal and beneficial ownership of Creator42 at any time during the Creator42 Licence Period. On exercising the Creator42 Option, the Company shall pay the Creator42 Option Consideration of £2,000,000 to R42, which shall be satisfied by the Company allotting and issuing the Creator42 Consideration Shares and UCLNs (as applicable and in compliance with the Regulatory Obligations) with an aggregate value of £2,000,000 to R42.

The terms of the Creator42 LOA are summarised in paragraph 3(b) of this document and the Board's plans regarding any exercise of the Creator42 Option are summarised in paragraph 6.

The allotment and issue of the Creator42 Consideration Shares and UCLNs (as applicable and in compliance with the Regulatory Obligations) by the Company on exercise of the Creator42 Option under the Creator42 LOA constitute a 'substantial property transaction' under section 190 of the Companies Act 2006, which requires the approval of the Shareholders pursuant to Resolution 2.

Professor Ronjon Nag has voluntarily agreed not to vote on Resolution 2 and has undertaken to take all reasonable steps to ensure that his close family and associates who hold Ordinary Shares do not vote on Resolution 2.

As the Company's proposed entry into the Creator42 LOA constitutes a material related party transaction for the purposes of DTR 7.3, the Company confirms that the Independent Directors, having exercised reasonable care, skill and diligence, have considered the material related party transaction to be fair and reasonable from the perspective of the Company and its Shareholders who are not a related party (as such term is defined in UK IFRS).

Resolution 3

Ordinary Resolution: substantial property transaction – Game42 LOA

Under the Game42 LOA, R42 shall grant the Game42 Option to the Company to acquire the full legal and beneficial ownership of Game42 at any time during the Game42 Licence Period. On exercising the Game42 Option, the Company shall pay the Game42 Option Consideration of £2,000,000 to R42, which shall be satisfied by the Company allotting and issuing the Game42 Consideration Shares and UCLNs (as applicable and in compliance with the Regulatory Obligations) with an aggregate value of £2,000,000 to R42.

The terms of the Game42 LOA are summarised in paragraph 4(b) of this document and the Board's plans regarding any exercise of the Game42 Option are summarised in paragraph 6.

The allotment and issue of the Game42 Consideration Shares and UCLNs (as applicable and in compliance with the Regulatory Obligations) by the Company on exercise of the Game42 Option under the Game42 LOA constitute a 'substantial property transaction' under section 190 of the Companies Act 2006, which requires the approval of the Shareholders pursuant to Resolution 3.

Professor Ronjon Nag has voluntarily agreed not to vote on Resolution 3 and has undertaken to take all reasonable steps to ensure that his close family and associates who hold Ordinary Shares do not vote on Resolution 3.

As the Company's proposed entry into the Game42 LOA constitutes a material related party transaction for the purposes of DTR 7.3, the Company confirms that the Independent Directors, having exercised reasonable care, skill and diligence, have considered the material related party transaction to be fair and reasonable from the perspective of the Company and its Shareholders who are not a related party (as such term is defined in UK IFRS).

Resolution 4

Ordinary Resolution: Share Consolidation

As further described in paragraph 8, the Company proposes to effect the Share Consolidation so that every 10 Existing Ordinary Shares of nominal value £0.00001 each held by a Shareholder will be consolidated into one New Ordinary Share of nominal value £0.0001.

Resolution 5

Special Resolution: Adoption of New Articles

As further described in paragraph 9, the Company proposes to adopt the New Articles to replace the existing Articles which were adopted on 18 January 2017.

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://capai.group>. 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.

12. Basis of voting

In accordance with the Articles, all Shareholders entitled to vote and be present by proxy at the General Meeting have one vote in respect of every Ordinary Share held.

In this way all proxy votes will count towards the voting on the Resolutions.

13. Action to be taken

Shareholders will find enclosed a Form of Proxy for use in connection with the General Meeting. Whether or not Shareholders propose to attend the General Meeting, they are requested to complete, sign and return the Form of Proxy as soon as possible, in accordance with the instructions printed on it.

To be valid, the enclosed Form of Proxy must be lodged with the Registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom as soon as possible and, in any event, so as to arrive by no later than 4.00 p.m. on 2 October 2025.

14. Recommendation

The Independent Directors consider the LOAs and the Company's proposed ability to exercise the Options under the LOAs to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Independent Directors unanimously recommend that Shareholders vote or procure votes in favour of Resolutions 1 to 3 (inclusive), as the Independent Directors who hold Existing Ordinary Shares have irrevocably undertaken to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control and those of their close relatives), which amount to 787,043,650 Existing Ordinary Shares (in aggregate), representing approximately 21.08% of the issued share capital of the Company (as at 16 September 2025, being the Latest Practicable Date). As a "related party" Professor Ronjon Nag has not taken part in the Board's consideration of the LOA and has voluntarily agreed not to vote on Resolutions 1 to 3 (inclusive) and has undertaken to take all reasonable steps to ensure that his close family and associates who hold Existing Ordinary Shares do not vote on Resolutions 1 to 3 (inclusive).

In addition, the Board considers the passing of Resolutions 4 and 5 to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote or procure votes in favour of Resolutions 4 and 5, as the Directors who hold Existing Ordinary Shares have irrevocably undertaken to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control and those of their close relatives), which amount to 912,043,650 Existing Ordinary Shares (in aggregate),

representing approximately 24.43% of the issued share capital of the Company (as at 16 September 2025, being the Latest Practicable Date).

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Richard Edwards', with a stylized flourish at the end.

Richard Edwards

Executive Chairman

Notice of General Meeting



capAI plc

(Incorporated and registered in England & Wales with company number 07611240)

NOTICE IS HEREBY GIVEN that a General Meeting of capAI plc (the "**Company**") will be held at 4.00 p.m. on 6 October 2025 at the offices of Orrick, Herrington & Sutcliffe (UK) LLP at 9th Floor, 107 Cheapside, London EC2V 6DN, United Kingdom to consider and, if thought fit, pass the following Resolutions.

Capitalised terms used but not defined in this Notice of General Meeting shall have the meanings given in the Company's circular dated 17 September 2025.

The Board considers that Resolutions 1 to 5 are in the best interests of the Company and its Shareholders as a whole and recommends that you vote in favour of these Resolutions. Resolutions 1 to 4 will be proposed as ordinary resolutions and Resolution 5 will be proposed as a special resolution.

Ordinary Resolutions

Substantial Property Transaction – Author42 LOA

1. That, conditional upon the exercise by the Company of the Author42 Option under the Author42 LOA, the allotment and issue of the Author42 Consideration Shares and UCLNs (as applicable and in compliance with the Regulatory Obligations) by the Company on exercise of the Author42 Option be approved as a 'substantial property transaction' under section 190 of the Companies Act 2006.

Substantial Property Transaction – Creator42 LOA

2. That, conditional upon the exercise by the Company of the Creator42 Option under the Creator42 LOA, the allotment and issue of the Creator42 Consideration Shares and UCLNs (as applicable and in compliance with the Regulatory Obligations) by the Company on exercise of the Creator42 Option be approved as a 'substantial property transaction' under section 190 of the Companies Act 2006.

Substantial Property Transaction – Game42 LOA

3. That, conditional upon the exercise by the Company of the Game42 Option under the Game42 LOA, the allotment and issue of the Game42 Consideration Shares and UCLNs (as applicable and in compliance with the Regulatory Obligations) by the Company on exercise of the Game42 Option be approved as a 'substantial property transaction' under section 190 of the Companies Act 2006.

Share Consolidation

4. That:
 - (a) subject to and conditional on Admission becoming effective, each Existing Ordinary Share of nominal value £0.00001 each in the capital of the company in issue be consolidated on the basis that every 10 Existing Ordinary Shares held by a shareholder at the record time for the Share Consolidation shall be consolidated into 1 New Ordinary Share, provided that, where the Share Consolidation results in any Shareholder being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of other New Ordinary Shares to which other Shareholders may be entitled; and
 - (b) the Company and each of the Directors be and hereby is authorised to, in accordance with article 42 of the articles of association of the Company, deal with such fractions as it shall decide, to sell (or appoint any other person to sell), on behalf of the relevant Shareholders all the New Ordinary Shares representing such fractions at the best price reasonably obtainable to any person, and to distribute the proceeds of sale (net of expenses) in due proportion

among the relevant Shareholders entitled thereto save that any fraction of a penny shall be rounded up or down in accordance with the usual practice of the Registrar and save that the proceeds of any Fractional Entitlement of less than £5.00 will be used for the Company's working capital purposes; any Director (or any person appointed by the Directors) shall be and is hereby authorised to execute an instrument of transfer in respect of such shares on behalf of the relevant Shareholders and to do all acts and things the Directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of such shares.

Special Resolution

Adoption of New Articles

5. That, with effect from the close of the General Meeting, the New Articles produced to the meeting and initialed by the Chair of the meeting for identification purposes be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's current Articles.

By order of the Board

A handwritten signature in black ink, appearing to read 'Richard Edwards', with a stylized flourish at the end.

Richard Edwards

Executive Chairman

17 September 2025

Registered Office:

9 Innovation Place
Douglas Drive
Godalming
Surrey GU7 1JX
United Kingdom

Shareholder Notes

The following notes explain your general rights as a member and your right to attend and vote at the General Meeting or to appoint someone else to vote on your behalf. Capitalised terms used in these notes which are not otherwise defined in the Notice of General Meeting shall have the meanings given to them in the Company's circular dated 17 September 2025.

Attendance and members right to appoint a proxy

1. The General Meeting will be held at 4.00 p.m. (London time) on 6 October 2025. The General Meeting will take place at the offices of Orrick, Herrington & Sutcliffe (UK) LLP, 107 Cheapside, London, EC2V 6DN.
2. As a Shareholder you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the General Meeting. A proxy need not be a member of the Company but must attend the General Meeting to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the Form of Proxy.
3. A proxy must vote in accordance with any instructions given by the Shareholder by whom the proxy is appointed. A proxy has one vote on a show of hands in all cases (including where one Shareholder has appointed multiple proxies) except where such proxy is appointed by multiple Shareholders who instruct such proxy to vote in different ways, in which case such proxy has one vote for and one vote against the Resolutions.
4. The return of a completed Form of Proxy or other instrument of proxy will not prevent you attending the General Meeting and voting if you wish.
5. To have the right to speak and vote at the General Meeting (and also for the purposes of calculating how many votes a member may cast on a poll) shareholders must be registered in the Register of Members no later than close of business on the day which is two days (excluding non-working days) before the day of the General Meeting or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. If the General Meeting is adjourned to a time not more than 48 hours after the record date applicable to the original General Meeting, that time will also apply for the purpose of determining the entitlement of shareholders to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned General Meeting. If, however, the General Meeting is adjourned for a longer period then, to be so entitled, shareholders must be entered on the Register of Members at the time which is 48 hours before the time fixed for the adjourned General Meeting or, if the Company gives new notice of the adjourned General Meeting, at the record date specified in that notice.

CREST

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar (ID 3RA50) by 2 October 2025 (or by no later than 48 hours (excluding non-working days) before the time of any adjournment of the General Meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of

instructions to proxies appointed through CREST should be communicated to the appointee through other means.

9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Nominated persons

11. The right to appoint a proxy does not apply to persons whose Ordinary Shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 (*nominated persons*). Nominated persons may have a right under an agreement with the registered Shareholder who holds the Ordinary Shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

Corporate representatives

12. Corporate representatives are entitled to attend and vote on behalf of the corporate member in accordance with Section 323 of the Companies Act 2006. Pursuant to the Companies (Shareholders' Rights) Regulations 2009 (SI 2009/1632), multiple corporate representatives appointed by the same corporate Shareholder can vote in different ways provided they are voting in respect of different Ordinary Shares.
13. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chair of the General Meeting as such Shareholder's proxy will need to ensure that both such Shareholder and their proxy comply with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.

Quorum

14. A quorum consisting of two or more Shareholders present in person or by proxy is required for the General Meeting. If, within half an hour after the time appointed for the General Meeting, a quorum is not present the General Meeting shall be adjourned for seven days at the same time and place or to such other day and at such other time and place as the Board may determine and no notice of adjournment need be given at any such adjourned meeting. Those Shareholders present in person or by proxy shall constitute the quorum at any such adjourned General Meeting.

Total voting rights

15. As at 16 September 2025, (being the Latest Practicable Date) the Company's issued share capital consisted of 3,733,930,636 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 16 September 2025 were 3,733,930,636 votes.

Information on website

16. Further information regarding the meeting which the Company is required by Section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this Notice of General Meeting), can be accessed at <https://capai.group>.

Documents on display

17. The following documents, which are ordinarily available for inspection during business hours at the registered office of the Company on any weekday (public holidays excluded), will also be available for inspection by those able to attend at the place of the General Meeting from 3.45 p.m. on the day of the General Meeting until the conclusion of the General Meeting:
 - (a) the Articles;
 - (b) the New Articles; and
 - (c) printed copies of the Notice of General Meeting and the documentation made available to shareholders using electronic communication.