

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** It contains the resolutions to be voted on at the Annual General Meeting of Frontier IP Group plc (“Frontier IP” or the “Company”) to be held on 4 December 2019. If you are in any doubt about the action you should take, you are recommended immediately to seek advice from your stockbroker, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities.

The Directors of Frontier IP, whose names appear on page 8 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

If you have sold or otherwise transferred all of your ordinary shares of 10 pence each in the capital of the Company (“**Ordinary Shares**”), please immediately forward this document 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. However, this document should not be distributed, forwarded or transmitted in or into the United States, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares you should retain this document, and immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected. **This document should be read in conjunction with the Notice of Annual General Meeting as set out at the end of this document. The whole text of this document should be read.**

Notice of an Annual General Meeting of Frontier IP to be held at 93 George Street, Edinburgh, EH2 3ES at 11.00 a.m. on 4 December 2019 is set out at the end of this document. You will also find enclosed a form of proxy for the Annual General Meeting. To be valid, the Form of Proxy for use at the Annual General Meeting must be completed, signed and returned so as to be received by the Company’s registrars, **Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR by 11.00 a.m. on 2 December 2019.**

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# FRONTIER IP GROUP PLC

*(Incorporated in England and Wales with registered number 06262177)*

**Proposed placing and subscription of 8,000,000 new Ordinary Shares  
 (“Placing Shares”) at a price of 50 pence per share (“Placing”)**

and

**Notice of Annual General Meeting**



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**Application will be made for the Placing Shares to be admitted to trading on the AIM market of the London Stock Exchange (“AIM”). The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares, including as regards the right to receive all dividends or other distributions declared, made or paid after Admission. No application has been made or is currently intended to be made for the Placing Shares to be admitted to trading or dealt on any other exchange. The Placing Shares are expected to be admitted to AIM and to commence trading at 8.00 a.m. on 5 December 2019.**

Allenby Capital Limited (“**Allenby Capital**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser to the Company in connection with the Placing and the proposed admission of the Placing Shares to trading on AIM and the proposals described in this document. It will not regard any other person as its client and will not be responsible to anyone else for providing the protections afforded to the clients of Allenby Capital or for providing advice in relation to such proposals. Allenby Capital has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Allenby Capital for the accuracy of any information or opinions contained in this document or for the omission of any information. Allenby Capital as nominated adviser to the Company owes certain responsibilities to the London Stock Exchange which are not owed to the Company, the Directors, Shareholders or any other person.

Nplus1 Singer Advisory LLP ("**N+1 Singer**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as broker to the Company in connection with the Placing. It will not regard any other person as its client and will not be responsible to anyone else for providing the protections afforded to the clients of N+1 Singer or for providing advice in relation to such proposals. N+1 Singer has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by N+1 Singer for the accuracy of any information or opinions contained in this document or for the omission of any information.

The Placing Shares referred to in this document have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the requirements of the Securities Act. There will be no public offer of the Placing Shares in the United States, the United Kingdom or elsewhere. The Placing Shares are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have the foregoing authorities passed upon or endorsed the merits of this offering. Any representation to the contrary is a criminal offence in the United States and any re-offer or resale of any of the Placing Shares in the United States or to a US Person may constitute a violation of US law or regulation.

The distribution of this document and the offering or sale of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or Allenby Capital or N+1 Singer that would permit an offering of the Placing Shares or possession or distribution of this document or any other offering or publicity material relating to the Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this document comes are required by the Company, Allenby Capital and N+1 Singer to inform themselves about and to observe any such restrictions.

This document is directed only at members of the Company falling within the meaning of Article 43(2)(a) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (all such persons together being referred to as "**Relevant Persons**"). This document must not be acted on or relied on by persons who are not Relevant Persons. This document does not constitute an offer of securities and accordingly is not a prospectus, neither does it constitute an admission document drawn up in accordance with the AIM Rules.

## **FORWARD LOOKING STATEMENTS**

This document includes "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or "similar" expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless it is required to do so by applicable law or the AIM Rules.

Copies of this document are available free of charge on the Company's website: [www.frontierip.co.uk](http://www.frontierip.co.uk).

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## DEFINITIONS

<b>“ABB”</b>	accelerated bookbuild;
<b>“Act”</b>	the Companies Act 2006 (as amended);
<b>“Admission”</b>	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules;
<b>“AGM” or “Annual General Meeting”</b>	the Annual General Meeting of the Company to be held at 93 George Street, Edinburgh, EH2 3ES at 11.00 a.m. on 4 December 2019;
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the AIM Rules for Companies, as published and amended from time to time by the London Stock Exchange;
<b>“Allenby Capital”</b>	Allenby Capital Limited, the Company’s nominated adviser pursuant to the AIM Rules;
<b>“Announcement”</b>	the RIS announcement issued by the Company dated 6 November 2019 announcing the Placing;
<b>“Business Day”</b>	any day (other than a Saturday or Sunday) upon which commercial banks are open for business in London, UK;
<b>“certificated” or “in certificated form”</b>	an ordinary share or other security recorded on a company’s register as being held in certificated form (that is not in CREST);
<b>“Circular” or “document”</b>	this document;
<b>“Company” or “Frontier IP”</b>	Frontier IP Group plc;
<b>“CREST”</b>	the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK and Ireland in accordance with the CREST Regulations;
<b>“CREST member”</b>	a person who has been admitted by Euroclear UK and Ireland as a system-member (as defined in the CREST Regulations);
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time);
<b>“Directors” or “Board”</b>	the directors of the Company;
<b>“Enlarged Share Capital”</b>	the issued ordinary share capital of the Company immediately following Admission, assuming no other Ordinary Shares are issued between the date of the Announcement and Admission and assuming 8,000,000 Placing Shares are issued;
<b>“Euroclear UK &amp; Ireland”</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>“Existing Ordinary Shares”</b>	the 42,431,372 existing Ordinary Shares in issue as at the date of this Circular;
<b>“FCA”</b>	the Financial Conduct Authority of the United Kingdom;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended);

<b>“Independent Directors”</b>	for the purposes of the Placing only, all of the Directors except Neil Crabb and Mike Bourne;
<b>“ISIN”</b>	International Securities Identification Number;
<b>“Issue Price”</b>	50 pence per Placing Share;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Member Account ID”</b>	the identification code or number attached to any member account in CREST;
<b>“Notice of Annual General Meeting” or “Notice”</b>	the notice of Annual General Meeting set out at the end of this Circular;
<b>“N+1 Singer”</b>	Nplus1 Singer Advisory LLP, the Company’s broker for the Placing;
<b>“Ordinary Shares”</b>	the ordinary shares of 10 pence each in the capital of the Company;
<b>“Overseas Shareholder”</b>	a Shareholder who is resident in, or who is a citizen of, or who has a registered address in a jurisdiction outside the United Kingdom;
<b>“Placees”</b>	the persons who have conditionally agreed to subscribe for the Placing Shares;
<b>“Placing”</b>	the conditional subscription for and placing of the Placing Shares by N+1 Singer on behalf of the Company at the Issue Price pursuant to the Placing Agreement as described in this Circular;
<b>“Placing Agreement”</b>	the conditional placing agreement dated 6 November 2019 between the Company (1) and N+1 Singer (2) relating to the Placing;
<b>“Placing Resolutions”</b>	the resolutions numbered 9 and 10 set out in the Notice of Annual General Meeting to be proposed at the Annual General Meeting
<b>“Placing Shares”</b>	the 8,000,000 new Ordinary Shares which have been conditionally placed by N+1 Singer with, or directly subscribed for with the Company, by institutional and other investors pursuant to the Placing;
<b>“Registrars”</b>	Share Registrars Limited;
<b>“Resolutions”</b>	the Resolutions set out in the Notice of Annual General Meeting to be proposed at the Annual General Meeting, including the Placing Resolutions;
<b>“Restricted Jurisdiction”</b>	each and any of the United States of America, Australia, Canada, Japan, New Zealand, Russia, and the Republic of South Africa and any other jurisdiction where extension or availability of the Placing would breach any applicable law or regulations;
<b>“Shareholder(s)”</b>	holder(s) of Existing Ordinary Shares;
<b>“Share Registrars” or “Share Registrars Limited”</b>	a trading name of Share Registrars Limited;
<b>“sterling”, “pounds sterling”, “£”, “pence” or “p”</b>	the lawful currency of the United Kingdom;

**“uncertificated”** or  
**“in uncertificated form”**

recorded on the register of members of a company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

**“US\$”** or **“US dollar”**

the lawful currency of the United States of America;

**“US Person”**

a US person as defined in Regulation S promulgated under the US Securities Act; and

**“US Securities Act”**

the United States Securities Act of 1933 (as amended).

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Circular published and sent to Shareholders	7 November 2019
Latest time and date for receipt of forms of proxy for the AGM	11.00 a.m. on 2 December 2019
Annual General Meeting	11.00 a.m. on 4 December 2019
Admission of the Placing Shares to trading on AIM	5 December 2019
CREST member accounts expected to be credited for the Placing Shares in uncertificated form (where applicable)	5 December 2019
Expected date of despatch of definitive share certificates for Placing Shares in certificated form (where applicable)	by 12 December 2019

*Each of the dates in the above timetable is subject to change at the absolute discretion of the Company. References to time in this Circular are to London time except when otherwise stated. If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to shareholders by announcement through a Regulatory Information Service.*

## PLACING STATISTICS

Issue Price	50 pence
Number of Existing Ordinary Shares	42,431,372
Total number of Placing Shares	8,000,000
Enlarged Share Capital following the Placing*	50,431,372
Percentage of the Enlarged Share Capital comprised by the Placing Shares	15.9 per cent.
Estimated gross proceeds of the Placing	£4.0 million
Estimated net proceeds of the Placing	£3.8 million
ISIN	GB00B63PS212
SEDOL	B63PS21
TIDM	FIPP
LEI	213800BRYUKQPJWKJ312

*\*Assumes that the Placing Resolutions that are set out in the Notice of Annual General Meeting are passed.*

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Andrew Richmond ( <i>Non-Executive Chairman</i> ) Neil Crabb ( <i>Chief Executive Officer</i> ) Jackie McKay ( <i>Chief Operating Officer</i> ) Jim Fish ( <i>Chief Financial Officer</i> ) Matthew White ( <i>Chief Commercialisation Officer</i> ) Campbell Wilson ( <i>Non-Executive Director</i> ) Mike Bourne ( <i>Non-Executive Director</i> )  All of whose business address is the Registered Office of the Company
<b>Company Secretary</b>	Jim Fish
<b>Registered Office</b>	CMS Cameron McKenna Nabarro Olswang LLP 78 Cannon Street London EC4N 6AF
<b>Company Website</b>	<a href="http://www.frontierip.co.uk">www.frontierip.co.uk</a>
<b>Telephone Number</b>	0131 240 1251
<b>Nominated Adviser</b>	<b>Allenby Capital Limited</b> 5 St Helen's Place London EC3A 6AB
<b>Corporate Broker</b>	<b>Nplus1 Singer Advisory LLP</b> One Bartholomew Lane London EC2N 2AX
<b>Lawyers to the Company</b>	<b>Addleshaw Goddard LLP</b> Cornerstone 107 West Regent Street Glasgow G2 2BA
<b>Lawyers to the Corporate Broker</b>	<b>Osborne Clarke LLP</b> One London Wall London EC2Y 5EB
<b>Registrars</b>	<b>Share Registrars Limited</b> The Courtyard 17 West Street Farnham Surrey GU9 7DR



# FRONTIER IP GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 2006  
with registered number 06262177)

Andrew Richmond (*Non-Executive Chairman*)  
Neil Crabb (*Chief Executive Officer*)  
Jackie McKay (*Chief Operating Officer*)  
Jim Fish (*Chief Financial Officer*)  
Matthew White (*Chief Commercialisation Officer*)  
Campbell Wilson (*Non-Executive Director*)  
Mike Bourne (*Non-Executive Director*)

7 November 2019

Dear Shareholder,

## Proposed Placing and Notice of Annual General Meeting

### 1. Introduction

On 6 November 2019, the Company announced that, conditional on the requisite shareholder approvals being obtained at the Annual General Meeting ("AGM"), it had raised £4.0 million (before expenses) by way of a placing of the Placing Shares at 50 pence per Placing Share. The Placing Shares were offered through an accelerated bookbuild process. The purpose of this letter is to explain to Shareholders the background to and reasons for the Placing and to seek their approval of the Placing Resolutions which are Resolutions 9 and 10 in the Notice of Annual General Meeting set out at the end of the document.

The allotment of the Placing Shares is conditional, *inter alia*, upon the Company obtaining approval of Shareholders for the Placing Resolutions to be proposed at the Annual General Meeting. These resolutions provide sufficient authority to enable the allotment of the Placing Shares and disapply statutory pre-emption rights which would otherwise apply to the allotment of the Placing Shares.

Accordingly, the Company is seeking the approval of Shareholders to Resolutions 9 and 10 which are to be put to the Annual General Meeting of the Company to be held at 93 George Street, Edinburgh, EH2 SE3 at 11.00 a.m. on 4 December 2019. If the Placing Resolutions are not passed by Shareholders at the Annual General Meeting, the Placing as currently envisaged will not proceed.

The Circular also contains the Notice of Annual General Meeting which is set out at the end of this document. You will also find enclosed a Form of Proxy for the Annual General Meeting, including the Placing Resolutions. To be valid, the Form of Proxy must be completed, signed and returned so as to be received by the Company's registrars, **Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR by no later than 11.00 a.m. on 2 December 2019.**

The Placing Shares to be issued pursuant to the Placing are to be admitted to trading on AIM, which, should the Placing Resolutions be passed at the Annual General Meeting, is expected to take place on 5 December 2019.

The Resolutions to be proposed at the AGM will include the Company's ordinary AGM business including receiving the financial statements for the year ended 30 June 2019, the re-appointment of certain directors and the usual authority to allot shares and dis-apply rights of pre-emption. Authority to allot the Placing Shares at the Annual General Meeting is covered by Resolutions 9 and 10 and is in addition to Resolutions 1-8 in respect of the ordinary AGM business.

### 2. Background to and reasons for the Placing

Frontier IP is a UK based specialist asset management group whose focus and purpose is to provide commercialisation services to assist universities and research organisations build high-value businesses from their intellectual property. In return, the Company receives equity.

The past year has seen Frontier IP and its portfolio companies make strong progress despite the uncertain political, economic and market environments in which they operate. The Company materially increased the value of its portfolio, announced four new spin outs, including the first three from its partnerships in Portugal, and further strengthened its relationships with industry, universities and academics. As at today's date, the Company has 18 companies in its core portfolio, eight of which have received third-party equity funding and/or grant funding.

The net proceeds of the Placing will enable Frontier IP to continue to strengthen its team to support progress and enable the Company to meet demand from potential investee companies for the services provided by Frontier IP. The net proceeds receivable by the Company will be used to support:

- the ongoing needs of the business;
- the conversion of the pipeline and provide resource to exploit future investment opportunities; and
- the continued development and commercialisation of the current portfolio.

### **3. Current trading and prospects**

The Company announced its audited results for the 12 months ended 30 June 2019 on 6 November 2019. The key financial highlights for this financial period, as well as extracts from the Chairman's statement from that announcement, are set out below.

#### ***Financial highlights***

- Fair value of our portfolio increased by 47 per cent. to £13,252,000 (2018: £9,041,000).
- Total revenue increased by 81 per cent. to £4,268,000 (2018: £2,363,000) – reflecting an unrealised profit on the revaluation of investments of £3,850,000 (2018: £2,064,000).
- Revenue from services increased by 40 per cent. to £418,000 (2018: £299,000).
- Profit before tax increased by 160 per cent. to £2,350,000 (2018: £902,000).
- Basic earnings per share increased to 5.77 pence (2018: 2.36 pence).
- Cash balances at 30 June 2019 of £1,466,000 (2018: £1,111,000).
- Net assets per share as at 30 June 2019 of 41.4 pence (2018: 33.2 pence).

#### ***Performance***

The year to June 2019 saw Frontier IP and its portfolio companies make strong progress despite the uncertain political, economic and market environments in which we operate. We materially increased the value of our portfolio, announced four new spin outs, including the first three from our partnerships in Portugal, and further strengthened our relationships with industry, universities and academics.

Importantly, the increase in our portfolio valuations has been underpinned by the achievement of commercial milestones and grant funding.

On the portfolio side, Exscientia continues to perform strongly. It is establishing itself as one of the world's leading artificial intelligence-driven drug discovery companies. It raised \$26 million through a Series B funding round, signed new drug discovery collaboration agreements with Roche, Celgene and, after the year end, with an exciting early-stage biopharmaceutical company Rallybio. Along with existing collaborations with GSK, Sanofi and Evotec, the company now has upfront and potential milestone payments of significantly more than £300 million.

Among the other highlights for the year, we were delighted to become one of the 14 partners in Emporia4KT, a pan-European project to ensure academic research is put to better use in boosting Europe's Atlantic marine economy. We were also named as a strategic partner of the UK Department for International Trade in Portugal and entered into a collaboration agreement with the Royal Academy of Engineering. The latter

resulted in a highly-successful joint event, attended by more than 100 people, at their headquarters in central London in April 2019.

New technologies can help us address some of the toughest issues we are facing today from tackling disease to meeting the challenges posed by environmental changes. Our portfolio companies have the potential to make important contributions.

The Vaccine Group's novel technology, for example, could prevent devastating diseases jump from animals to animals and then to humans. Amprologix is developing new antibiotics to overcome the threat from antimicrobial-resistant superbugs, while Nandi Proteins helps to address consumer desires for fewer E-number additives, less fat and less animal protein in foods.

Des Solutio is working on green chemistry to replace the use of toxic solvents in manufacturing a host of everyday pharmaceuticals, household goods and beauty products; Alusid recycles industrial waste, most of which ends in landfill, to create top-quality tiles and other surfaces. Finally, Pulsiv Solar's technology promises to make significant improvements to the energy efficiency of photovoltaic cells and power converters.

The number of our portfolio companies at the heart of these major trends is reflected in the support of our shareholders. During the year, we were delighted to raise £2.49 million in November 2018 through an oversubscribed placing with new and existing shareholders. We remain optimistic about prospects of generating further value over the coming year and beyond.

## **Results**

I was very pleased with the Group's strong performance for the year, which was ahead of management expectations. Pre-tax profits increased by 160 per cent. and the fair value of our portfolio rose to £13,252,000.

For the year to 30 June 2019, total revenue increased by 81 per cent. to £4,268,000 (2018: £2,363,000) as a result of an unrealised profit on the revaluation of investments of £3,850,000 (2018: £2,064,000), principally due to the movement in fair value of Exscientia and The Vaccine Group. Revenue from services, principally board retainers, technical development services and licence income, increased by 40 per cent. to £418,000 (2018: £299,000).

## **4. Details of the Placing and Admission**

The Placing will result in the issue of a total of 8,000,000 Placing Shares, representing, in aggregate, approximately 15.9 per cent. of the issued share capital of the Company as enlarged by the issue of the Placing Shares. The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares of 10 pence each of the Company in issue and therefore will rank equally for all dividends or other distributions declared, made or paid after the issue of the Placing Shares on Admission.

The Issue Price of 50 pence represents a discount of approximately 9.9 per cent. to the closing middle market price of an Ordinary Share of 55.5 pence on 5 November 2019, being the latest practicable date prior to the announcement of the Placing.

Application will be made to London Stock Exchange for the Placing Shares to be admitted to trading on AIM and such admission is expected to occur on 5 December 2019, subject to the passing of the Placing Resolutions.

N+1 Singer has entered into the Placing Agreement with the Company under which N+1 Singer has, on the terms and subject to the conditions set out therein (including Admission), undertaken to use their reasonable endeavours to procure subscribers for 7,800,000 Placing Shares at the Issue Price. A further 200,000 Placing Shares are being subscribed for directly with certain Directors, conditional, *inter alia*, on Admission. The Placing Agreement contains certain warranties and indemnities from the Company in favour of N+1 Singer. The Placing is not being underwritten in whole or in part by N+1 Singer or any other person.

The Placing is conditional, *inter alia*, upon the passing of the Placing Resolutions and Admission and the Placing Agreement not being terminated prior to Admission (or such later date as may be agreed between

the Company and N+1 Singer and in any event no later than 12 December 2019). If the conditions are not satisfied or waived (where capable of waiver), the Placing will lapse, the Placing Shares will not be allotted and issued and no monies will be received by the Company from Placees in respect of the Placing Shares.

Under the Placing Agreement, the Company has agreed to pay N+1 Singer commission on the Placing Shares and the costs and expenses incurred in relation to the Placing together with any applicable VAT. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

## 5. Substantial shareholders and Director participation in the Placing

Details of the participation of certain substantial shareholders and Directors in the Placing at the Issue Price and their resultant shareholdings on Admission, as far as the Company is aware in respect of the substantial shareholders will be as follows:

<i>Name</i>	<i>Placing Shares being subscribed</i>	<i>Ordinary shares on Admission</i>	<i>Percentage held of Enlarged Share Capital on Admission</i>
Canaccord Genuity Group Inc	2,000,000	9,810,067	19.5%
Quilter Cheviot Limited	873,076	6,864,918	13.6%
Neil Crabb, Chief Executive Officer	100,000	2,934,168	5.8%
Mike Bourne, Non-Executive Director	100,000	403,170	0.8%

### ***Related party transactions***

The participations by Canaccord Genuity Group Inc, Quilter Cheviot Limited, Neil Crabb and Mike Bourne in the Placing are deemed to be related party transactions pursuant to rule 13 of the AIM Rules for Companies. Accordingly, the Independent Directors consider, having consulted with the Company's nominated adviser, Allenby Capital, that the terms of these transactions are fair and reasonable insofar as Shareholders are concerned.

## 6. Notice of Annual General Meeting

I am pleased to invite you to the Frontier IP Group plc 2019 Annual General Meeting which is to be held at 93 George Street, Edinburgh, EH2 SE3 at 11.00 a.m. on 4 December 2019. The notice of the AGM sets out the business to be considered at the AGM. The notice convening the Annual General Meeting of the Company, is set out at the end of this Circular.

Resolutions 1-7 (inclusive) and Resolution 9 shall be proposed as ordinary resolutions and Resolutions 8 and 10 shall be proposed as special resolutions.

The Notice, and in particular the explanatory notes appended to the Notice, contain a detailed explanation of each of the resolutions proposed at the AGM. Resolutions 1-8 comprise the ordinary and special business usual for the Company's AGM. Resolutions 9 and 10 relate to the authorities required for the Placing. Broadly the usual AGM resolutions include resolutions to receive the annual financial statements of Frontier IP Group plc together with the directors and auditors reports for the year ended 30 June 2019, to receive the directors remuneration report, to reappoint the directors of the Company due to retire by rotation, to grant authority to the directors to allot shares in the Company and to disapply pre-emption rights in respect of certain allotments of shares for cash, subject to certain limits and restrictions. It also includes a resolution to re-appoint BDO LLP as auditors to the Company and to authorise the directors to fix their remuneration. Moore Stephens LLP (the Company's previous auditors) merged with BDO LLP earlier this year and it is proposed that BDO LLP continue as auditors of the Company.

The annual financial statements are not enclosed with this Circular but will be posted to shareholders separately.

As the allotment and issue of the Placing Shares will exceed the existing authorities which the Directors have to allot new Ordinary Shares for cash on a non-pre-emptive basis, the Placing is conditional on, amongst other things, shareholders approving the grant of new authorities.

Accordingly, the Placing Resolutions to be proposed at the AGM provide authority to the Directors to allot the Placing Shares.

## **7. Action to be taken by Shareholders**

To be valid, Forms of Proxy must be completed, signed and returned to be received by our Registrar, Share Registrars Limited, at The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR by 11.00 a.m. on 2 December 2019. You will also be able to submit your proxy electronically via email to our registrar, Share Registrars Limited, at [voting@shareregistrars.uk.com](mailto:voting@shareregistrars.uk.com).

Instructions for voting by proxy through CREST are set out in paragraphs 9 to 12 of the notes to the Notice of Annual General Meeting.

In the case of non-registered Shareholders who receive these materials through their broker or other intermediary, the Shareholder should complete and send a letter of direction in accordance with the instructions provided by their broker or other intermediary.

**In order for the Placing to proceed, Shareholders will need to approve both of the Placing Resolutions set out in the Notice of Annual General Meeting. If the Placing Resolutions are not passed at the Annual General Meeting, the Placing will not proceed in the form currently envisaged, with the result that the anticipated net proceeds of the Placing will not become available to support the ongoing needs of the business, exploit future investment opportunities and develop and commercialise the current portfolio. The Company's business plans, growth prospects and available working capital may be materially adversely affected as a result.**

**Accordingly, it is important that Shareholders vote in favour of the Placing Resolutions, in order that the Placing can proceed.**

## **8. Directors' Recommendation**

The Board of Frontier IP considers the Placing to be in the best interests of the Company and its Shareholders as a whole and therefore the Directors unanimously recommend that Shareholders vote in favour of the Placing Resolutions at the AGM and to vote in favour of Resolutions 1 – 8 comprising the usual business of the AGM as they intend to do in respect of their own shareholdings of, in aggregate, 5,415,431 Ordinary Shares (representing approximately 12.8 per cent. of the Company's Existing Ordinary Shares).

Yours faithfully,

**Andrew Richmond**  
*Chairman*

# FRONTIER IP GROUP PLC

*(Incorporated and registered in England and Wales under the Companies Act 2006  
with registered no. 06262177)*

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the ANNUAL GENERAL MEETING of Frontier IP Group plc (the “**Company**”) will be held at 11.00 a.m. on 4 December 2019 at 93 George Street, Edinburgh EH2 3ES for the following purposes:

To consider and, if thought fit, to pass the following resolutions. Resolutions 1 to 7 (inclusive) and Resolution 9 shall be proposed as ordinary resolutions and Resolutions 8 and 10 shall be proposed as special resolutions:

### ORDINARY BUSINESS

#### Financial Statements and Reports

1. To receive the audited consolidated financial statements of the Company and its subsidiaries for the year ended 30 June 2019, together with the reports of the Directors and the Auditor thereon.

#### Directors Remuneration Report

2. To approve the report of the board to the members on directors’ remuneration for the year ended 30 June 2019.

#### Retirement and Reappointment of Directors

3. To re-appoint K. Andrew Richmond as a Director of the Company.
4. To re-appoint Campbell Wilson as a Director of the Company.

#### Re-appointment of Auditor

5. To re-appoint BDO LLP as auditor of the Company to hold office until the conclusion of the next general meeting at which financial statements are laid before the Company.

#### Remuneration of the Auditor

6. To authorise the Directors to determine the auditor’s remuneration.

### SPECIAL BUSINESS

#### Authority to allot shares

7. That, in substitution for all previous unexercised authorities granted to the directors to allot shares in the Company, (but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities), the Directors of the Company be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the **Act**) to exercise all or any of the powers of the Company to allot equity securities (as defined in Section 560(1) of the Act) in the Company and to grant rights to subscribe for, or to convert any security into, equity securities in the Company (“**Rights**”)
  - (i) up to an aggregate nominal amount of £1,414,379 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph (ii) below in excess of £1,414,379); and

- (ii) up to an aggregate nominal amount of £2,828,758 (such amount to be reduced by the nominal amount of equity securities allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue:
  - (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holding; and
  - (b) to holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary as permitted by the rights of those securities

and provided that this authority shall, unless previously renewed, varied or revoked by the Company, expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or the date 15 months from the date of passing of this resolution, whichever is the earlier save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require equity securities to be allotted or rights to be granted after the expiry of such period and the directors of the Company may allot equity securities or grant rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

### **Authority to disapply pre-emption rights**

8. That, in substitution for all previous unexercised authorities granted to the directors (but without prejudice to any offer or agreement to allot equity securities or rights granted by the directors prior to the expiry of such authority), subject to and conditional upon the passing of the resolution 7 above, the directors of the Company be and are hereby generally empowered pursuant to section 570 of the Act to exercise all powers of the Company to allot equity securities of the Company (as defined in section 560(1) of the Act) pursuant to the authority conferred upon them by resolution 7 above as if section 561(1) of the Act did not apply to any such allotment or sale provided that this authority and power shall, be limited to:

- (a) the allotment and issue (otherwise than pursuant to paragraphs (b) and (c) below) of equity securities up to an aggregate nominal amount of £280,770.60 in connection with any share option scheme or arrangement being equal to 6.62 per cent. of the issued share capital of the Company at the date of the Notice, and;
- (b) the allotment and issue of equity securities in connection with a rights issue or similar offer (i) in favour of holders of ordinary shares where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them; (ii) in favour of the holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities; subject only to such exclusions or other arrangements as the directors may consider appropriate to deal with treasury shares, fractional entitlements, record dates, shares represented by depositary receipts or legal, regulatory or practical difficulties under the laws of, or the requirements of any regulatory body or stock exchange in any territory or otherwise; and
- (c) the allotment (otherwise than pursuant to sub paragraphs (a) or (b) above) of equity securities or sale of treasury shares up to an aggregate nominal amount of £424,314 (being equal to approximately ten per cent. of the issued share capital of the Company as at the date of the Notice),

provided that this authority and power shall expire, at the conclusion of the Company's next annual general meeting after the passing of this resolution (unless previously renewed, varied or revoked by the Company prior to or on such date) or the date 15 months from the date of passing of this resolution, whichever is the earlier save that the Company may, before the expiry of such period, make an offer or agreement which would or might require equity securities to be allotted (or treasury shares to be sold) after such expiry and the directors may allot equity securities (and sell treasury shares) in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

## **SPECIAL BUSINESS – THE PLACING**

### **Resolution 9 – ordinary resolution**

That, the Directors of the Company be and they are generally and unconditionally authorised in accordance with section 551 of the Act, in addition to the authority to be granted pursuant to Resolution 7 above, to exercise all powers of the Company to allot ordinary shares in the capital of the Company (“**Ordinary Shares**”) and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £800,000 on, and subject to, such terms as the Directors may determine but so that this authority is limited to the allotment of ordinary shares pursuant to the Placing (as defined in the document containing the Notice convening the Annual General Meeting (**AGM**)). This authority shall expire unless renewed, extended, varied or revoked by the Company in a general meeting, 90 days after the date of the passing of this resolution, save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted in the Company after such expiry and the Directors may allot shares in the Company in pursuance of any share offer or agreement notwithstanding the expiry of the authority given by this resolution.

### **Resolution 10 – special resolution**

That, conditional on the passing of Resolution 9 above, the Directors of the Company be and they are empowered pursuant to Section 571 of the Act, in addition to the authority to be granted pursuant to Resolution 8 above, to allot equity securities (within the meaning of section 560 of the Act) of the Company for cash pursuant to the authority conferred by Resolution 9 above as if section 561(1) of the Act did not apply to any such allotment. This power shall be limited to the allotment of Ordinary Shares up to an aggregate nominal amount of £800,000 and will expire unless renewed, extended, varied or revoked by the Company in a general meeting, 90 days after the date of the passing of this resolution, save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted in the Company after such expiry and the directors may allot shares in the Company in pursuance of any share offer or agreement notwithstanding the expiry of the authority given by this resolution.

Dated: 7 November 2019

*Registered Office:*

c/o CMS Cameron McKenna Nabarro Olswang LLP  
78 Cannon Street  
London  
EC4N 6AF

*By order of the Board*

**James M Fish**

*Secretary*

#### **Notes:**

**The following notes explain your general rights as a shareholder and your rights to attend and vote at the Annual General Meeting.**

#### **Entitlement to attend and vote**

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast) shareholders must be registered in the Company's register of members by 11.00 a.m. on 2 December 2019 (**Specified Time**) (or if the AGM is adjourned to a time more than 48 hours after the Specified Time, taking no account of any part of a day that is not a working day, by close of business on the day which is two working days prior to the time of the adjourned AGM). If the AGM is adjourned to a time not more than 48 hours after the Specified Time (taking no account of any part of a day that is not a working day) that time will also apply for the purposes of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes cast) at the adjourned AGM.

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.

As soon as practicable following the meeting the results of the voting will be announced via a regulatory information service and also placed on the Company's website.

#### **Website giving information regarding the meeting**

2. Information regarding the meeting, can be found at [www.frontierip.co.uk](http://www.frontierip.co.uk)



### **Appointment of proxies**

3. If you are a shareholder entitled to attend and vote at the AGM, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the AGM instead of you. You should have received a proxy form with this notice of meeting. A proxy does not need to be a member of the Company but must attend the meeting to represent you. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
4. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy, please contact our registrar, Share Registrars Limited on 01252 821390 or Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. Failure to specify the number of shares to which each proxy appointment relates or specifying a number in excess of those held by the shareholder will result in the proxy appointment being invalid. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
5. Appointment of a proxy will not preclude a shareholder from attending and voting in person at the AGM.
6. Shareholders can:
  - Appoint a proxy or proxies and give proxy instructions by returning the enclosed proxy form by post (see note 8).
  - If a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service (see notes 9 to 12).
  - You may not use any electronic address provided either in this Notice of Meeting or any related documents to communicate with the Company for any purpose other than as expressly stated.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

### **Appointment of proxy by post**

8. To be effective, the completed and signed proxy form, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such Power of Attorney) must be deposited at the office of the Company's Registrars, Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR not less than 48 hours (excluding weekends and bank holidays) before the time for holding the meeting (i.e. by 11.00 a.m. on 2 December 2019) and if not so deposited shall be invalid;

### **Appointment of proxies through CREST**

9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) of it by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://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.
10. For a proxy appointment or instructions 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 & Ireland Limited's (Euroclear) specifications and must contain the information required for such instructions, 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 Share Registrars Limited (ID **7RA36**) no later than 11.00 a.m. on 2 December 2019, or, in the event of an adjournment of the meeting, 48 hours (excluding weekends and bank holidays) before the adjourned 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 Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear 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/her 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 service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. 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.

### **Appointment of proxy by joint members**

13. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### **Changing proxy instructions**

14. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

15. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821390 or at The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR.
16. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

#### **Termination of proxy appointment**

17. A shareholder may change a proxy instruction but to do so you will need to inform the Company in writing by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
18. The revocation notice must be received by Share Registrars Limited no later than 11.00 a.m. on 2 December 2019.
19. If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the meeting and vote in person.
20. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

#### **Corporate representatives**

21. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share.
22. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that:  
(i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

#### **Issued shares and total voting rights**

23. As at 6 November 2019 (being the latest practicable date prior to publication of this Notice), the Company's issued share capital comprised 42,431,372 ordinary shares of 10 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the share capital of the Company as at 6 November 2019 is 42,431,372.

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

24. Copies of the service contracts of the executive directors and the non-executive directors' letters of appointment together with the existing articles of association of the Company and the financial statements for the year ended 30 June 2019 will be available for inspection at the registered office of the Company during normal business hours Monday to Friday (public holidays excepted) up to the day of the AGM and at the venue for the AGM from at least 15 minutes prior to the time fixed for the AGM until the end of the AGM.

#### **Communication**

25. Except as provided above, shareholders who have general queries about the meeting or need additional proxy forms should use the following means of communication (no other methods of communication will be accepted):

By post to the Company's office in Edinburgh, details of which are below:

Address: The Company Secretary  
Frontier IP Group plc  
93 George Street  
Edinburgh  
EH2 3ES

26. A shareholder may not use any electronic address provided either in this Notice of AGM or any related documents (including the Chairman's letter and proxy form) to communicate with the Company for any purpose other than those expressly stated.

**Explanatory Notes to the Notice of  
Annual General Meeting  
of  
Frontier IP Group plc**

**General**

The notes on the following pages give an explanation of the proposed resolutions. Resolutions 1–7 (inclusive) and Resolution 9 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 8 and 10 are proposed as special resolutions. This means that for these resolutions to be passed, at least, three quarters of the votes cast must be in favour of the resolutions.

**Resolution 1 – Annual Financial Statements**

For each financial year the directors of the Company must present the audited consolidated financial statements, the director's report and the auditor's report on the financial statements to the shareholders at a general meeting. A copy of those financial statements and reports is available on the Company's website at [www.frontierip.co.uk](http://www.frontierip.co.uk).

**Resolution 2 – Directors' Remuneration Report**

Shareholders are asked to approve the directors' remuneration report which may be found in the annual report in the "Our Governance" section "Committees of the Board". This resolution is an advisory one and no entitlement to remuneration is conditional on the resolution being passed.

**Resolutions 3 and 4 – Retirement and Re-election of Directors**

In accordance with article 101.1 of the Company's articles of association, one third of the directors who are subject to retirement by rotation (or if their number is not three or a multiple of three the number nearest to but not less than one-third) shall retire from office.

Brief details of each of the directors and why the contribution of the directors is, and continues to be, important to the Company's long-term sustainable success, can also be found in the annual report in the "Our Governance" section "Board of Directors" and "Corporate Governance".

**Resolution 5 – Appointment of Auditor**

The Company is required at each general meeting at which financial statements are presented to shareholders to appoint auditors who will remain in office until the next such meeting. It is proposed to re-appoint BDO LLP as auditor of the Company. BDO LLP merged with Moore Stephens LLP (the Company's previous auditor) earlier this year. The Audit Committee keeps under review the independence and objectivity of the external auditors. After consideration of the relevant information and following the merger, the Audit Committee recommended to the Board that BDO LLP be reappointed.

**Resolution 6 – Remuneration of Auditor**

The Shareholders are asked to authorise the Directors to fix the remuneration of the auditor, BDO LLP, for the audit work to be carried out by them in the next financial year. The amount of the remuneration paid to the auditors for the next financial year will be disclosed in the next audited accounts of the Company.

**Resolution 7 – Authority to Allot Shares**

Under section 551 of the Companies Act 2006, the directors of a Company may only allot shares or grant rights to subscribe for, or to convert any security, into shares in the Company if authorised to do so by the

shareholders. Such a resolution was passed at the last annual general meeting and the purpose of this resolution is to renew the director's power and authority to allot shares or grant rights to subscribe for or convert any securities into shares in the Company.

The Investment Association (**IA**) regards as routine a request by a company seeking an annual authority to allot new shares in an amount of up to a third of the existing issued share capital. In addition, the IA will also regard as routine a request for authority to allot up to two thirds of the existing issued share capital provided that any amount in excess of one third is reserved for fully pre-emptive rights issues. Paragraph (i) of Resolution 7 will allow the directors to allot ordinary shares up to a maximum nominal amount of £1,414,379 representing approximately one-third of the Company's issued share capital and calculated as at 6 November 2019 (being the latest practicable date prior to publication of this document). Paragraph (ii) of Resolution 7 will allow the directors to allot, including the ordinary shares referred to in paragraph (i) of Resolution 7, further ordinary shares in connection with a pre-emptive offer by way of a rights issue to ordinary shareholders up to a maximum nominal amount of £2,828,758 representing approximately two-thirds of the Company's issued share capital calculated as at 6 November 2019 (being the latest practicable date prior to publication of this document). The directors have no present intention of exercising the authority conferred by paragraph (ii) of Resolution 7. However, if they do exercise the authority, the directors will have due regard to best practice as regards its use including the recommendations of the IA.

The authority will expire, unless earlier revoked or varied by the Company in a general meeting, on the earlier of the conclusion of the next annual general meeting of the Company and the date 15 months after the date of passing of this resolution.

This authority replaces the general authority granted at last years' AGM but is in addition to the separate authority sought for the Placing in Resolution 9. The number of Placing Shares proposed to be issued have not been included in the share capital for the purpose of calculating the authority under this Resolution 7.

As at 6 November 2019 no shares were held by the Company in treasury.

### **Resolution 8 – Authority to disapply pre-emption rights**

If equity shares are to be allotted for cash, using the authority given by Resolution 7 above, section 561(1) of the Companies Act 2006 requires that those securities are offered first to existing shareholders on a pre-emptive basis in proportion to the number of ordinary shares they each hold at that time. An offer of this type is called a "rights issue" and the entitlement to be offered a new share is known as a "pre-emption right".

There may be circumstances, however, where it is in the interests of the Company for the directors to be able to allot new equity securities other than to shareholders in proportion to their existing holding or otherwise and strictly in compliance with the requirements of the Companies Act 2006. This cannot be done under the Companies Act 2006 unless the shareholders first waive their pre-emption rights.

There are legal, regulatory and practical reasons why it may not always be possible to issue new shares under a rights issue to some shareholders, particularly those resident overseas. To cater for this, resolution 8, in authorising the directors to allot new shares by way of a rights issue, also permits the directors to make appropriate exclusions or arrangements to deal with such difficulties.

Resolution 8 asks shareholders to authorise the directors to allot equity securities in the capital of the Company pursuant to the authority conferred by Resolution 7 for cash, without complying with the pre-emptive rights in the Act in certain circumstances.

Apart from offers or invitations in proportion to the respective number of shares held pursuant to Resolution 8(b) the authority will, pursuant to Resolution 8(c), be limited to the allotment of equity securities for cash up to a maximum aggregate nominal amount of £424,314 being approximately 10 per cent. of the Company's issued ordinary share capital at the date of the Notice of AGM. This is consistent with the Company's approach in prior years though not strictly in accordance with current recommendation of the IA and the Pre-emption Group.

In addition, Resolution 8(a) also asks shareholders to grant authority to the directors of the Company to allot some of the new shares other than by way of a pre-emptive offer or under the general 10 per cent.

disapplication in relation to shares issued pursuant to the terms of any share option scheme or arrangement. Resolution 8(a) asks shareholders to do this, but only in relation to new shares equal to 6.62 per cent. of the Company's issued ordinary share capital at the date of the Notice of AGM.

The directors will be able to use this power without obtaining further authority from shareholders before they allot new shares pursuant to the terms of any employee share option scheme or arrangement covered by it. However, by setting the limit of 6.62 per cent., shareholders' proportionate interests in the Company cannot, without their agreement, be reduced by more than 6.62 per cent. by the issue of new shares pursuant to the terms of any share option scheme or arrangement. This together with the shares currently under options granted by the Company and exercised in respect of employee share option schemes and arrangements, aggregate 15 per cent. of the issued share capital of the Company.

The Company is seeking authority to allot securities in connection with a pre-emptive rights issue up to a maximum amount of the authority in Resolution 7, which represents approximately one third of the Company's issued ordinary share capital as at 4 November 2019, being the latest practicable date prior to publication of this Notice. The benefit to the Company of obtaining such authority on an annual basis is that it would allow the Company to implement a rights issue of an amount equal to a maximum of approximately one third of the issued ordinary share capital without the need to call an additional general meeting. This would shorten the implementation timetable of such a rights issue.

The power given by Resolution 8 will, unless earlier revoked or varied by the Company in a general meeting, expire on the earlier of the conclusion of the next annual general meeting of the Company and the date 15 months after the date of passing of this resolution.

This authority replaces the authority to disapply pre-emption rights taken at last years' AGM. However, it is in addition to the separate authority sought in relation to the Placing in Resolution 10. The number of the Placing Shares proposed to be issued has not been included in the share capital of the Company for the purpose of calculating the authority under Resolution 8

### **Resolution 9 – Authority to Allot Shares – Placing**

Under section 551 of the Companies Act 2006, the directors of a Company may only allot shares or grant rights to subscribe for, or to convert any security into shares in the Company if authorised to do so by the shareholders.

As announced on 6 November 2019, the Company has conditionally raised £4.0 million (before expenses) by way of a conditional placing of 8,000,000 new Ordinary Shares (**Placing Shares**) at 50 pence per Placing Share with institutional and other investors (**Placing**).

The directors do not have sufficient authority from shareholders, granted at the AGM in 2018 to allot all the Placing Shares for cash on a non pre-emptive basis. The Placing is conditional on, among other things, shareholders approving the grant of authorities for the Placing. Accordingly, Resolution 9 grants authority to the Directors to allot 8,000,000 Ordinary Shares pursuant to the Placing. The authority given by Resolution 9 will expire 90 days after the passing of Resolution 9.

This authority is in addition to the general authority to allot shares proposed to be granted to the Directors pursuant to Resolution 7 above.

### **Resolution 10 – Authority to disapply pre-emption rights – Placing**

If the Placing Shares are to be allotted for cash using the authority given by Resolution 9 above, section 561(1) of the Companies Act 2006 requires that these securities are offered first to existing shareholders on a pre-emptive basis in proportion to the number of ordinary shares they each held at that time. An offer of this type is called a "rights issue" and the entitlement to be offered a new share is known as a "pre-emptive right".

The Company has conditionally placed 8,000,000 Ordinary Shares with certain institutional and other investors conditional, *inter alia* on the passing of Resolution 9 and Resolution 10. The Placing is not a rights issue and does not offer shareholders a pre-emptive right. As a result, Resolution 10 asks shareholders to

waive their pre-emption rights in relation to the issue of 8,000,000 Ordinary Shares in connection with the Placing. Shareholders will therefore be diluted by the number of Placing Shares issued.

The authority given by Resolution 10 will expire 90 days after the passing of Resolution 10.

The Placing, the issue of the Placing Shares and the receipt of the proceeds of the Placing is conditional on Resolutions 9 and 10 being passed by shareholders.

This authority is in addition to the disapplication of pre-emption rights proposed in Resolution 8 above.

