



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have recently sold or transferred all of your shares in genedrive plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

GENEDRIVE PLC

Incorporated in England and Wales under the Companies Acts with registered number 6108621

Notice of Annual General Meeting

31 December 2018 at 11 am

7 December 2018

Dear shareholder

Annual General Meeting

I am pleased to invite you to the genedrive plc 2018 Annual General Meeting (the AGM) which is to be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London, EC1Y 4AG on 31 December 2018 at 11 am. The notice of the AGM (the Notice), which follows this letter, sets out the business to be considered at the AGM.

Notice of AGM

The Notice, and in particular the explanatory notes appended to the Notice, contain a detailed explanation of each of the resolutions.

Broadly the resolutions being proposed include resolutions to receive the annual financial statements of genedrive plc (the Company) together with the directors and auditors reports for the year ended 30 June 2018, to receive the directors remuneration report, to reappoint the directors of the Company due to retire by rotation and who have been appointed since the last AGM, to reappoint the auditors of the Company, 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 contains resolutions not to fill the vacancies created by the retirements of Roger Lloyd and Robert Nolan as non-executive directors of the Company. Roger and Robert have been Non-Executive Directors of the Company since the time of IPO and are both retiring at the Annual General Meeting. In anticipation of this change two new non-executive directors – Tom Lindsay and Chris Yates - were appointed by the Company earlier in the year.

I would like to extend my thanks to Roger and Robert for their service and advice to the Board over the last 11 years.

The annual financial statements are enclosed with this Notice of Annual General Meeting. The report and accounts include an unqualified audit opinion with a matter of emphasis on going concern. The auditors were not able to sign the audit opinion until the results of the Placing and Convertible Loan Note issue, announced on 16 November 2018, were known.

The resolutions also contain a further resolution in relation to section 656 of the Companies Act 2006 (Section 656). Shareholders will recall that a general meeting of the Company was convened and held on 13 September of this year to consider whether any, and if so what, steps should be taken to address the fact that the net assets of the Company had fallen to half or less of its called up share capital. This situation had been identified in the course of completing the audit of the financial statements for the year ended 30 June 2018. No action required to be taken following consideration of the position at that general meeting.

The annual financial statements disclose that the net assets of the Company are less than half of its called up share capital (as identified and considered at the general meeting on 13 September).

The Company announced the proposed fundraising of £6 million on 16 November 2018, which was conditional, inter alia on the passing of the resolutions at the general meeting convened for 7 December 2018. The Company announced earlier today that the resolutions proposed at the general meeting had been passed.

The receipt of the proceeds from the Placing and Convertible Loan Note issue will increase the net assets of the Company to above the level referred to in Section 656. However, the directors expect that, as the fundraising proceeds are applied to implement the strategy of the Group (as outlined in the circular to shareholders dated 19 November 2018), the net assets may again fall below half of the Company's called up share capital.

Under section 656, when a board becomes aware that the net assets of a public company are half or less than the value of its called up share capital, the directors are required, within 28 days, to call a general meeting of the company for the purpose of considering whether any, and if so what, steps should be taken to deal with the situation.

If this were to happen again, the Directors would be required to convene another general meeting in accordance with Section 656 to consider what steps, if any, require to be taken at that time.

Resolution 13 is therefore an advisory one and an acknowledgment that the directors may be required to convene a further general meeting to consider this situation in the future.

Recommendation

The directors of the Company consider that all the proposals to be considered at the Annual General Meeting are in the best interests of the Company and are most likely to promote the success of the Company for the benefit of the members as a whole. The directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial holdings amounting, in aggregate to 163,065 ordinary shares representing approximately 0.87 per cent of the issued share capital of the Company (prior to the issue of the relevant Placing Shares to certain of the directors).

Yours sincerely

Dr Ian Gilham
Chairman

7 December 2018

PUBLIC COMPANY LIMITED BY SHARES
NOTICE OF ANNUAL GENERAL MEETING
of
GENEDRIVE PLC (THE COMPANY)

(Registered in England and Wales under company number 6108621)

Dated 7 December 2018

NOTICE IS HEREBY GIVEN THAT the **ANNUAL GENERAL MEETING** of the Company will be held at 11 am on 31 December 2018 at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London, EC1Y 4AG for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1-11 (inclusive) and 13 will be proposed as ordinary resolutions and resolution 12 will be proposed as a special resolution.

ORDINARY BUSINESS

Financial Statements and Reports

1. To receive and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditors thereon for the year ended 30 June 2018.

Directors' Remuneration Report

2. To approve the report of the board to the members on directors remuneration for the year ended 30 June 2018.

Retirement and Reappointment of Directors

3. To re-appoint as a director Tom Lindsay who, having been appointed since the previous annual general meeting, is retiring in accordance with Article 24.7 of the Company's articles of association and, being eligible, is offering himself for reappointment.
4. To re-appoint as a director, Chris Yates, who, having been appointed since the previous annual general meeting, is retiring in accordance with Article 24.7 of the Company's articles of association and, being eligible, is offering himself for reappointment.
5. To re-appoint David Budd, who retires by virtue of the retirement by rotation provisions of the articles of association of the Company and, being eligible, offers himself for reappointment as a director of the Company.
6. To re-appoint Matthew Fowler, who retires by virtue of the retirement by rotation provisions of the articles of association of the Company and, being eligible, offers himself for reappointment as a director of the Company.
7. To re-appoint Ian Gilham, who retires by virtue of the retirement by rotation provisions of the articles of association of the Company and, being eligible, offers himself for reappointment as a director of the Company.
8. To not fill the vacancy created by the retirement of Roger Lloyd who retires by virtue of the retirement by rotation provisions of the articles of association of the Company and is not offering himself for reappointment as a director.
9. To not fill the vacancy created by the retirement of Robert Nolan who retires by virtue of the retirement by rotation provision of the articles of association of the Company and is not offering himself for reappointment as a director.

Re-appointment of Auditors

10. To re-appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next general meeting at which accounts are laid before shareholders and to authorise the directors to fix the auditors' remuneration.

Authority to allot shares

11. THAT, the directors of the Company are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the Act) to exercise all or any of the powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company comprising equity securities (as defined in section 560(1) of the Act):
 - i. up to an aggregate nominal amount of £93,915.57 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph (ii) below in excess of £93,915.57); and
 - ii. up to an aggregate nominal amount of £187,831.14 (such amount to be reduced by the nominal amount of any shares 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 so that the directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange;

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.

This resolution revokes and replaces all unexercised authorities granted to the directors at the annual general meeting of the Company held on 29 November 2017 to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company but is without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

This resolution is in addition to the authorities granted or proposed to be granted to the directors by the resolutions proposed at the General Meeting convened for 7 December 2018.

SPECIAL BUSINESS

Authority to disapply pre-emption rights

12. That, subject to and conditional upon the passing of the resolution 11 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 11 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 £25,419.825 in connection with any share option scheme or arrangement being equal to 9.02% of the issued share capital of the Company at the date of the notice of this meeting, 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 £28,174.665 (being equal to approximately ten per cent of the issued share capital of the Company as at the date of the notice of this meeting),

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.

This resolution is in addition to the authorities granted or proposed to be granted to the directors by the resolutions proposed at the General Meeting of the Company convened for 7 December 2018.

Section 656 Companies Act 2006

13 To acknowledge that in accordance with the provisions of Section 656 of the Act and as a result of the low net asset position of the Company, the net assets of the Company as set out in the audited consolidated financial statements for the year ended 30 June 2018 are less than half of the value of the called up share capital of the Company; the directors convened and held a general meeting on 13 September 2018 in accordance with the provision of section 656, when they became aware of this situation in the course of preparation for the audit; the directors took steps to effect the Placing, Broker Option and Convertible Loan Note Issue; although the funds expected to be raised as a result of the Placing, Broker Option and Convertible Loan Notes will increase the net assets of the Company to above half of the value of the called up share capital of the Company, the Directors are aware that, as the proceeds of the Fundraising are utilised to implement the strategy of the Group, (as outlined in the circular to shareholders dated 19 November 2018), the net assets may again fall below half of value of the called up share capital of the Company and a further general meeting may require to be convened in accordance with the requirement of Section 656 at that time.

By order of the Board

Matthew Fowler
Company Secretary
7 December 2018

genedrive plc
Registered Office
The Incubator Building
Grafton Street
Manchester
M13 9XX

NOTES

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 at 6 pm on 27 December 2018 (or in the event of any adjournment) 6 pm (UK time) on the date which is two days (excluding weekends and bank holidays) before the date of the 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.

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 <http://www.genedriveplc.com/>

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, Neville Registrars Limited, on 0121 585 1131 or at Neville House, Steelpark Road, Halesowen, B62 8HD. 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 note 9).
 - 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, Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, B62 8HD not less than 48 hours (excluding weekends and bank holidays) before the time for holding the meeting (i.e. by 11 am on 27 December 2018) 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). 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 Neville Registrars Limited (ID 7RA11) no later than 11 am on 27 December 2018, 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 Neville Registrars Limited on 0121 585 1131 or at Neville House, Steelpark Road, Halesowen, B62 8HD.
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 Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, B62 8HD. 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 Neville Registrars Limited no later than 11 am on 27 December 2018.
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) 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 December 2018 (being the latest practicable date prior to publication of this notice), the Company's issued share capital comprised 18,783,115 ordinary shares of £0.015 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 December 2018 is 18,783,115.

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 2018 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 registered office, details of which are below:

Address: The Company Secretary
genedrive plc
The Incubator Building
Grafton Street
Manchester
M13 9XX

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 genedrive plc

General

The notes on the following pages give an explanation of the proposed resolutions. Resolutions 1 – 11 and 13 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. Resolution 12 is proposed as a special resolution. This means that for this resolution to be passed, at least three quarters of the votes cast must be in favour of the resolution.

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 will be available on the Company's website at www.genedriveplc.com from 7 December 2018.

Resolution 2 - Directors Remuneration Report

Shareholders are asked to approve the director's remuneration report which may be found in the annual report on pages 26 to 30. This resolution is an advisory one and no entitlement to remuneration is conditional on the resolution being passed.

Resolutions 3 – 9 – Retirement and Reappointment of Directors

In accordance with article 24.7 of the Company's articles of association every director who has been appointed since the last annual general meeting of the Company is required to retire from office. Each of Tom Lindsay and Chris Yates, having been appointed as directors since the last annual general meeting of the Company therefore retire and, being eligible, each offers himself for reappointment by the shareholders at the annual general meeting.

Resolution 5 relates to the proposal to reappoint David Budd who is required to retire by rotation at the AGM. Being eligible David Budd offers himself for re-appointment.

Resolution 6 relates to the proposal to reappoint Matthew Fowler who is required to retire by rotation at the AGM. Being eligible Matthew Fowler offers himself for re-appointment.

Resolution 7 relates to the proposal to reappoint Ian Gilham who is required to retire by rotation at the AGM. Being eligible Ian Gilham offers himself for re-appointment.

The Articles of Association only require one third of the Directors to retire by rotation however, in accordance with the recommendations of the UK Corporate Governance Code, all of the Directors are proposing to retire, and in relation to Ian Gilham, David Budd and Matthew Fowler, to offer themselves for reappointment.

Resolutions 8 and 9 relate to the retirement by rotation of each of Roger Lloyd and Robert Nolan as directors of the Company and the resolution to NOT fill the vacancies created by such retirements. Both Roger Lloyd and Robert Nolan have been non-executive directors of the Company since IPO and Chris Yates and Tom Lindsay were appointed as additional non-executive directors of the Company earlier in the year. Article 23.3 of the articles of association of the Company provides that the retiring directors are reappointed unless the shareholders vote not to fill the vacancies created.

Brief biographical details of each of the directors is set out in pages 20 and 21 of the annual financial statements.

Resolution 10 – re-appointment and remuneration of auditors

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.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office for another year. In accordance with company law and corporate governance best practice shareholders are also asked to authorise the directors to determine the auditor's remuneration.

Resolution 11 – 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 11 will allow the directors to allot ordinary shares up to a maximum nominal amount of £93,915.57 representing approximately one-third of the Company's issued share capital and calculated as at the date of the Notice of AGM (being the latest practicable date prior to publication of this document). Paragraph (ii) of Resolution 11 will allow the directors to allot, including the ordinary shares referred to in paragraph (i) of Resolution 11, 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 £187,831.14 representing approximately two-thirds of the Company's issued share capital calculated as at the date of the Notice of AGM (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 11. 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 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 is in addition to the authorities proposed in the notice convening a general meeting of the Company held on 7 December 2018 in connection with, inter alia, the proposed placing and convertible loan note issue of the Company, details of which are set out in the circular to shareholders dated 19 November 2018.

This authority is based on the current issued share capital of the Company and does not reflect the increase in share capital expected following the issue of the new Ordinary Shares in connection with the Fundraising, expected on or around 10 December 2018.

As at 6 December 2018 no shares were held by the Company in treasury.

Resolution 12 – Authority to display pre-emption rights

If equity shares are to be allotted for cash, using the authority given by Resolution 11 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 12 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 12 asks shareholders to authorise the directors to allot equity securities in the capital of the Company pursuant to the authority conferred by resolution 11 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 12(b) the authority will, pursuant to Resolution 12(c), be limited to the allotment of equity securities for cash up to a maximum aggregate nominal amount of £28,174.665, being approximately 10% 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 12(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% disapplication in relation to shares issued pursuant to the terms of any share option scheme or arrangement. Resolution 12(a) asks shareholders to do this, but only in relation to new shares equal to 9.02 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 9.02 per cent., shareholders’ proportionate interests in the Company cannot, without their agreement, be reduced by more than 9.02 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 20% 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 11, which represents approximately one third of the Company’s issued ordinary share capital as at 6 December 2018, 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 12 will, unless earlier revoked or varied by the Company in 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.

The power given by Resolution 12 is also in addition to the power granted or proposed to be granted to the directors at the general meeting convened for 7 December 2018.

Resolution 13

The resolutions also contain a further resolution in relation to section 656 of the Companies Act 2006 (Section 656). Shareholders will recall that a general meeting was convened and held on 13 September of this year to consider whether any, and if so what, steps should be taken to address the fact that the net assets of the Company had fallen to half or less of its called up share capital. This situation had been identified in the course of completing the audit of the financial statements for the year ended 30 June 2018. No action required to be taken following consideration of the position at that general meeting.

The annual financial statements enclosed disclose that the net assets of the Company are less than half of its called up share capital (as considered at the general meeting on 13 September).

The Company announced the proposed fundraising of £6 million on 16 November 2018, which was conditional, inter alia on the passing of the resolutions at the general meeting convened for 7 December 2018. The Company announced earlier today that the resolutions proposed at this general meeting had been passed.

The receipt of the proceeds for the Placing and Convertible Loan Note issue will increase the net assets of the Company to above the level referred to in Section 656. However, the directors expect that, as the proceeds of the fundraising are applied to implement the strategy of the Group (as outlined in the circular to shareholders dated 19 November 2018), the net assets may again fall below half of the Company’s called up share capital.

Under section 656, when a board becomes aware that the net assets of a public company are half or less than the value of its called up share capital, the directors are required, within 28 days, to call a general meeting of the company for the purpose of considering whether any, and if so what, steps should be taken to deal with the situation.

If this were to happen again the directors would be required to convene another general meeting in accordance with Section 656 to consider what steps, if any, require to be taken.

Resolution 13 is therefore an advisory one and an acknowledgment that the directors may be required to convene a further general meeting to consider this situation in the future.