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If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy and the Group's Annual Report and Accounts, without delay to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, the distribution of this document into jurisdictions other than the UK may be restricted by law and, as described below, such documentation should not be mailed, distributed, forwarded to or transmitted in or into the United States, Australia, New Zealand, Canada, the Republic of Ireland, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a "**Restricted Jurisdiction**"). If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Directors (whose names and functions appear on page 4 of this document) and the Company (whose registered office appears on page 4) accept responsibility, both collectively and individually, for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares (assuming the Share Capital Consolidation is approved at the AGM) and the Fundraising Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares (assuming the Share Capital Consolidation is approved at the AGM) and the Fundraising Shares will commence on 5 March 2019. The Fundraising Shares will, on Admission, rank *pari passu* in all respects with all other Shares in issue as at Admission and will rank in full for all dividends and other distributions declared, made or paid on the other Shares after Admission. The New Ordinary Shares will have the same rights attaching to them as the Ordinary Shares.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority and the AIM Rules are less demanding than those of the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document. Recipients should read this document in its entirety.

This document contains no offer of transferable securities to the public within the meaning of section 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA, and has not been drawn up in accordance with the Prospectus Rules or approved by or filed with the FCA or any other competent authority. It is emphasised that no application is being made for admission of the New Ordinary Shares or the Fundraising Shares to the Official List of the United Kingdom Listing Authority.

Hardide plc

(Incorporated and registered in England & Wales with registered number 05344714)

Proposed placing of new ordinary shares in the Company to raise approximately £3.5m Proposed subscription for new ordinary shares in the Company to raise approximately £87,000 Consolidation of the Company's share capital and Notice of Annual General Meeting

This document should be read as a whole. However, your attention is drawn to the letter from the Non-Executive Chairman of the Company which is set out on pages 10 to 18 of this document and which contains the Directors' unanimous recommendation that you vote in favour of the Resolutions to be proposed at the Annual General Meeting.

finnCap Limited ("**finnCap**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the Placing and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of finnCap or for advising any other person in respect of the Placing, the Subscription, the Share Capital Consolidation or any other transaction, matter or arrangement referred to in this document. finnCap's responsibilities as the Company's nominated adviser and broker are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of its decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on finnCap by the FSMA or the regulatory regime established thereunder or under the Financial Services Act 2012, finnCap does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Share Capital Consolidation, the Placing or the Subscription. finnCap accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement. No representation or warranty, express or implied, is made by the Company or finnCap to prospective subscribers for Fundraising Shares as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued). The information contained in this document is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares, New Ordinary Shares or Fundraising Shares (whether on or off exchange) and accordingly, to the extent permitted by law, no duty of care is accepted by the Company or finnCap in relation to any of them.

Notice of the Annual General Meeting of Hardide plc, to be held at the offices of finnCap at 60 New Broad Street, London EC2M 1JJ at 11.30 a.m. on 4 March 2019, is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the Annual General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Share Registrars Limited of The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR by not later than 11.30 a.m. on 28 February 2019. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the Annual General Meeting should they so wish. A copy of this document will be made available on the Company's website, www.hardide.com. Neither the content of the Company's website nor any website accessible by hyperlinks from or to the Company's website is incorporated in, or forms part of, this document.

IMPORTANT NOTICE

Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Company’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current views with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly announce any revisions that are required to any of the forward-looking statements made in this document arising out of any change in the Directors’ expectations or to reflect events or circumstances arising after the date of this document.

Notice to overseas persons

The distribution of this document and the Form of Proxy and any accompanying documents into jurisdictions other than the United Kingdom may be restricted by applicable laws or regulations and this document does not form part of any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for Shares in any jurisdiction where such offer, invitation or solicitation is unlawful. Persons in jurisdictions other than the United Kingdom into whose possession this document and/or the accompanying Form of Proxy and any accompanying documents comes should inform themselves about and observe such applicable legal or regulatory requirements in that jurisdiction. Any failure to do so may constitute a violation of the securities laws of any such jurisdiction.

The Existing Ordinary Shares have not been, and the New Ordinary Shares will not be, registered under the United States Securities Act of 1933, as amended (the “**US Securities Act**”) and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, this document does not constitute an offer of Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States. The Shares will not qualify for distribution under the relevant securities laws of Australia, New Zealand, Canada, the Republic of Ireland, the Republic of South Africa or Japan, nor has any prospectus in relation to the Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the Shares may not be offered, sold, taken up, delivered or transferred in, into or from a Restricted Jurisdiction or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the Subscription or the Share Capital Consolidation nor have they approved this document or confirmed the accuracy or adequacy of any information contained in it. Any representation to the contrary is a criminal offence in the US.

Basis on which information is presented

Various figures and percentages in tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

In this document, references to “pounds sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom.

Third party information

Where third party information has been used in this document, the source of such information has been identified. The Company takes responsibility for compiling and extracting, but has not independently verified, market data provided by third parties or industry or general publications and takes no further responsibility for such data.

References to defined terms

Certain terms used in this document are defined in that section of this document which appears under the heading “**Definitions**”.

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DIRECTORS AND ADVISERS

Directors

Robert Goddard (*Non-Executive Chairman*)
Philip Kirkham (*Chief Executive Officer*)
Peter Davenport (*Finance Director*)
Dr Yuri Zhuk (*Technical Director*)
Charles Irving-Swift (*Non-Executive Director*)
Timothy Rice (*Non-Executive Director*)
Andrew Boyce (*Non-Executive Director*)

all of:

11 Wedgwood Road
Bicester
Oxfordshire OX26 4UL

Company Secretary

Peter Davenport

Nominated Adviser and Broker

finnCap Limited
60 New Broad Street
London EC2M 1JJ

Legal advisers to the Company

Blake Morgan LLP
New Kings Court
Tollgate
Chandler's Ford
Eastleigh
Hampshire SO53 3LG

Legal advisers to the Nominated Adviser and Broker

Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

PR advisers to the Company

IFC Advisory Limited
24 Cornhill
London EC3V 3ND

Registrars

Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey GU9 7DR

FUNDRAISING STATISTICS

	<i>Share Capital Consolidation approved by Shareholders</i>	<i>Share Capital Consolidation not approved by Shareholders</i>
Number of Ordinary Shares in issue as at the date of this document	1,698,076,596	1,698,076,596
Anticipated number of Ordinary Shares in issue immediately prior to the Annual General Meeting ⁽¹⁾	1,698,076,600	1,698,076,600
Issue Price	60 pence	1.5 pence
Number of Placing Shares to be issued pursuant to the Placing	5,855,003	234,200,070
Number of Subscription Shares to be issued pursuant to the Subscription	144,999	5,799,997
Total number of Fundraising Shares	6,000,002	240,000,067
Number of Shares in issue immediately following Admission	48,451,917	1,938,076,667
Percentage of the Enlarged Share Capital being placed pursuant to the Fundraising	12.4%	12.4%
Gross proceeds of the Fundraising	Approximately £3.6 million	Approximately £3.6 million
Market capitalisation of the Company at Admission at the Issue Price ⁽¹⁾	Approximately £29.1 million	Approximately £29.1 million
ISIN of the Shares	GB00BJJPX768	GB00B069T034
SEDOL of the Shares	BJJPX76	B069T03

(1) This will include the Share Consolidation Shares but assumes that, other than the Fundraising Shares, no further Shares are issued between the date of this document and Admission.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS ⁽²⁾

2019

Publication of this document	8 February
Latest time and date for receipt of Forms of Proxy	11.30 a.m. on 28 February
Voting Record Time	6.00 p.m. on 28 February
Annual General Meeting	11.30 a.m. on 4 March
Record Date	6.00 p.m. on 4 March
Share Capital Consolidation effective	6.00 p.m. on 4 March
Admission and commencement of dealings in the Fundraising Shares and (if applicable) New Ordinary Shares on AIM	8.00 a.m. on 5 March
CREST accounts credited with Fundraising Shares and (if applicable) New Ordinary Shares	5 March
Expected date by which definitive new share certificates are to be despatched	19 March

- (2) Each of the times and dates set out in the above timetable and mentioned throughout this document are London times unless otherwise stated, are based on current expectations and subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service. All events in the above timetable following the Annual General Meeting are conditional on approval, by the requisite majority of Shareholders, of the applicable Resolutions as set out in the Notice of Annual General Meeting which appears at the end of this document.

DEFINITIONS

The following definitions apply throughout this document and in the accompanying Form of Proxy unless the context otherwise requires:

“Act”	the Companies Act 2006 as amended from time to time;
“Admission”	admission of the New Ordinary Shares (assuming the Share Capital Consolidation is approved) and the Fundraising Shares to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules;
“AIM”	the AIM market operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies and accompanying guidance notes published by the London Stock Exchange from time to time;
“Annual General Meeting”	the annual general meeting of the Company to be held at the offices of finnCap at 60 New Broad Street, London EC2M 1JJ on 4 March 2019 (or any adjournment thereof), details of which are described in the Notice of Annual General Meeting;
“certificated form” or “in certificated form”	the description of a share or other security which is not in uncertificated form (that is, not in CREST);
“Chairman’s Letter”	the letter from the Chairman set out on pages 10 to 18 of this document;
“Company” or “Hardide”	Hardide plc, a company incorporated in England and Wales under the Companies Act 1985 with registered number 05344714;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations);
“CREST Manual”	the CREST reference manual available from www.euroclear.com/site/public/EUI ;
“CREST Proxy Instruction”	has the meaning given to that expression in the Notice;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended from time to time);
“Directors” or “Board”	the current directors of the Company whose names are set out on page 4 of this document, or any duly authorised committee thereof;
“EIS”	the Enterprise Investment Scheme and related reliefs as detailed in Part 5 of the Income Tax Act 2007 and in schedules 5B and 5BA of the Taxation of Chargeable Gains Act 1992;
“Enlarged Share Capital”	the issued share capital of the Company immediately following Admission comprising, subject to the passing of the applicable Resolutions, the Shares and the Fundraising Shares;
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“Existing Articles”	the articles of association of the Company as at the date of this document;

“Existing Ordinary Shares”	the 1,698,076,596 Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM and being the entire issued ordinary share capital of the Company;
“FCA”	the United Kingdom Financial Conduct Authority;
“Form of Proxy”	the form of proxy for use, by Shareholders holding the Existing Ordinary Shares in certificated form, in connection with the Annual General Meeting and which accompanies this document;
“Fundraising”	together the Placing and the Subscription;
“Fundraising Shares”	together the Placing Shares and the Subscription Shares;
“Group”	the Company and its subsidiary undertakings (as that term is defined in section 1159 of the Act);
“Issue Price”	the issue price of the Fundraising Shares, being 60 pence per New Ordinary Share (assuming the Share Capital Consolidation is approved) or 1.5 pence per Ordinary Share (in the event the Share Capital Consolidation is not approved);
“London Stock Exchange”	London Stock Exchange plc;
“New Ordinary Shares”	new ordinary shares of 4 pence each in the Company arising pursuant to the Share Capital Consolidation and including (where the context allows, and assuming the applicable Resolutions are approved) a reference to the Fundraising Shares;
“Nominated Adviser” or “finnCap”	finnCap Limited being the Company’s nominated adviser and broker;
“Notice of Annual General Meeting” or “Notice”	the notice convening the Annual General Meeting which is set out at the end of this document;
“Ordinary Shares”	ordinary shares of 0.1 pence each in the Company;
“Placing”	the conditional placing to certain institutional investors of the Placing Shares at the Issue Price by finnCap, as agent on behalf of the Company, pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 8 February 2019 made between finnCap and the Company in relation to the Placing, further details of which are set out in paragraph 7.1 of the Chairman’s Letter;
“Placing Shares”	the 5,855,003 New Ordinary Shares to be issued by the Company (assuming the Share Capital Consolidation is approved) or the 234,200,070 Ordinary Shares to be issued by the Company (in the event the Share Capital Consolidation is not approved) pursuant to the Placing;
“Prospectus Rules”	the prospectus rules made by the FCA pursuant to section 73A of the FSMA;
“Record Date”	the record date for the Share Capital Consolidation, being 4 March 2019;
“Register”	the register of members of the Company;

“Regulatory Information Service”	a regulatory information service approved by the FCA and which is on the list of regulatory information service providers maintained by it;
“Resolutions”	the resolutions to be proposed at the Annual General Meeting as set out in the Notice;
“Shares”	Ordinary Shares or New Ordinary Shares, as the context requires;
“Share Consolidation Shares”	the 4 Ordinary Shares to be issued by the Company as part of the arrangements for the Share Capital Consolidation as described in paragraph 6.2 of the Chairman’s Letter;
“Share Capital Consolidation”	the share capital consolidation proposed by Resolution 11 in the Notice, details of which are set out in paragraph 6.1 of the Chairman’s Letter;
“Shareholders”	holders of the Existing Ordinary Shares;
“Subscribers”	subscribers for the Subscription Shares pursuant to the Subscription;
“Subscription”	the conditional subscription by the Subscribers for the Subscription Shares at the Issue Price pursuant to the Subscription Letters;
“Subscription Letters”	the conditional subscription letters to be entered into by the Company and each of the Subscribers in connection with the Subscription;
“Subscription Shares”	the 144,999 New Ordinary Shares to be issued by the Company (assuming the Share Capital Consolidation is approved) or the 5,799,997 Ordinary Shares to be issued by the Company (in the event the Share Capital Consolidation is not approved) pursuant to the Subscription;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	Existing Ordinary Shares recorded on the Register as being held in uncertificated form in CREST, title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“US” or “United States”	the United States of America, each State thereof, its territories and possessions (including the District of Columbia) and all other areas subject to its jurisdiction;
“VCT”	a Venture Capital Trust as defined by section 259 of the Income Tax Act 2007; and
“Voting Record Time”	6.00 p.m. on 28 February 2019 (or, in the event of any adjournment of the Annual General Meeting, 48 hours before the adjourned meeting).

Note: Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it. Words importing the singular include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.

LETTER FROM THE CHAIRMAN OF HARDIDE PLC

Hardide plc

(Incorporated and registered in England & Wales with registered number 05344714)

Directors:

Robert Goddard (Non-Executive Chairman)
Philip Kirkham (Chief Executive Officer)
Peter Davenport (Finance Director)
Dr Yuri Zhuk (Technical Director)
Charles Irving-Swift (Non-Executive Director)
Timothy Rice (Non-Executive Director)
Andrew Boyce (Non-Executive Director)

Registered Office

11 Wedgwood Road
Bicester
Oxfordshire
OX26 4UL

8 February 2019

Dear Shareholder,

Proposed placing of new ordinary shares in the Company to raise approximately £3.5m
Proposed subscription for new ordinary shares in the Company to
raise approximately £87,000
Consolidation of the Company's share capital
and
Notice of Annual General Meeting

1. Introduction and summary

Hardide announced earlier today that it proposes to raise approximately £3.6 million (before expenses) by the issue and allotment of the Placing Shares and the Subscription Shares, both at the Issue Price. The Fundraising Shares have been agreed to be issued conditional on, *inter alia*, the passing of certain of the Resolutions.

The purpose of this document is to provide you with information about the recent progress of Hardide and the background to and reasons for the Share Capital Consolidation and the Fundraising (together, the "Proposals"). In addition, this document sets out why the Directors consider the Proposals to each be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that you vote in favour of the Resolutions. The Placing and Subscription are both conditional upon, *inter alia*, the passing of Resolutions 7 and 8 and Admission becoming effective (as further described in paragraph 7 below). The Placing is not subject to the Subscription, but the Subscription is conditional upon completion of the Placing.

In that regard, I am pleased to invite you to the Company's Annual General Meeting which will be held at the offices of finnCap at 60 New Broad Street, London EC2M 1JJ commencing at 11.30 a.m. on 4 March 2019. Enclosed with this document is the Annual Report and Accounts of the Group for the year ended 30 September 2018; which contain the annual consolidated accounts together with the directors' report and the auditor's report on those accounts.

The business to be conducted at the Annual General Meeting is set out in the formal Notice of Annual General Meeting which appears at the end of this document and includes the following ordinary business set out in Resolutions 1 to 6:

- receiving the audited consolidated financial statements of the Company for the financial year ended 30 September 2018 and the reports of the directors and the auditor thereon;
- electing Mr Rice and Mr Irving-Swift as directors having been appointed since the last Annual General Meeting;
- re-electing Mr Kirkham who, in accordance with the Existing Articles, is required to retire by rotation as a director and will offer himself for re-election in the customary way; and

- seeking authority for the re-appointment of James Cowper Kreston as auditor of the Company until the conclusion of the next Annual General Meeting at which accounts are laid before the members and deciding their remuneration.

There are also a number of items of special business to be considered at the Annual General Meeting as set out in Resolutions 7 to 11 and described in paragraphs 6 and 9 below.

The Board very much hopes you will be able to attend the Annual General Meeting and we look forward to having the opportunity of speaking with you then. We do however appreciate that it is not always possible for Shareholders to attend in person. Even though you may not be able to attend, your vote is still important, and I would urge you to complete, sign and return the proxy form sent to you with the Notice and return it to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, as soon as possible, but in any event by no later than 11.30 a.m. on 28 February 2019. Please refer to the Shareholder Notes on page 21 of this document for more details.

2. The Proposals

Because the Fundraising requires the Company to obtain approval from Shareholders to grant the Board authority to allot the Placing Shares and the Subscription Shares and to disapply applicable pre-emption rights, completion of the Fundraising is conditional upon the passing by the requisite majority of Shareholders of each of Resolutions 7 and 8 set out in the Notice of Annual General Meeting.

The net proceeds of the Fundraising will be used principally to finance a proposed expansion of the Company's capacity in the UK, further details of which are set out below in paragraph 4.

The Issue Price effectively represents a 2 per cent. premium to the volume-weighted average price of an Ordinary Share during the period from 9 December 2018 to 7 February 2019 being the last business day immediately prior to the announcement of the Fundraising. The Placing, which has been arranged by finnCap pursuant to the terms of the Placing Agreement, is conditional upon, *inter alia*, Resolutions 7 and 8 being passed at the Annual General Meeting and Admission and has not been underwritten. The Subscription is conditional on Resolutions 7 and 8 being passed at the Annual General Meeting, completion of the Placing and Admission.

The Company is also proposing to undertake a share capital consolidation (as described further and for the reasons given in paragraph 6.1 below). In that regard, you will also be asked to consider and vote on Resolutions 10 and 11 set out in the Notice.

3. Background to and reasons for the Fundraising

Overall demand for the Group's services and products has increased recently due to a combination of improved business development efforts, recovery in demand from existing customers and the generation of new accounts from customers requiring more diverse coating applications. Examples of these developments include the recently announced contracts with two major companies in the oil and gas sector, increased flow control business and the further progression of component testing with Airbus and Leonardo Helicopters.

The proceeds of the Fundraising are needed to support the Group's ongoing investment programme, with a scale up required since its existing UK facility is too small to allow for further coating reactors to be installed and is currently working near to full capacity. The Board believes that projected orders from existing customers and likely new demand therefore require an expansion of the Group's production resources. The Directors also believe that a strengthened balance sheet will allow for greater confidence among those customers seeking long-term business with the Group. The proposed Fundraising will also give the Group the ability to expand its research and development work in the UK with the aim of identifying further uses and therefore new market opportunities for its current and pipeline product offering.

The Fundraising is believed by the Board to be a necessary step towards achieving the objectives set out above and to seek to further enhance growth and increase Shareholder value in the longer term. The Board believes that the additional costs that would be incurred, both financially and in terms of management time, if the Company were to offer all Shareholders the opportunity to acquire Shares (for example, via an open offer or a rights issue), are such that a non-pre-emptive share issue to a limited number of institutional and

other investors is a more appropriate method of raising finance in this instance. The Company will therefore seek approval from Shareholders at the Annual General Meeting to raise finance by means of issuing the Fundraising Shares without first offering them to existing Shareholders.

4. Use of proceeds

The Company plans to invest in a new UK facility to replace its existing site. Newly completed premises close to its existing Bicester facility have been identified, with a 15-year lease expected to be signed in March 2019 and a rent-free period agreed until the end of 2019, following which lease and business rates costs of approximately £240,000 per annum will be payable by the Company. This new leasehold building has a footprint of around 20,000ft² (doubling the floor space available in its existing UK premises) and is located on a new industrial estate, allowing for 24/7 operations if required and providing a significant increase in productive floor area with space for further expansion. The new building also has a greater roof height which will enable larger coating reactors to be installed. Being a new building, it will also enable operational efficiencies and a much improved layout which will help maximise output. It will also present a more professional, premium quality image to potential aerospace, power generation and other customers.

Additionally, management proposes to invest in three further coating reactors of differing capacities and dimensions. The new reactors each have an approximate order lead-time of 12 months, with up-front cash deposits required. It is intended that at least one of these reactors will be the same size as the Group's existing reactors. However one will be larger so as to allow the Group to apply coatings to other components too large for its current reactors. These larger components include turbine blades used in the power generation industry which has been identified by the Directors as a potential and promising growth market for the Company. The third new reactor will be used largely for R&D work in order to further develop the Group's product range.

It is intended that a reactor of the same size as those currently employed at the Group's existing UK facility will be ordered and installed first. The reactors at the current site will then be moved sequentially so as to avoid a fall in production capacity during migration to the proposed new site. This migration is expected to be complete by September 2020.

The new facility will represent a significant upgrade when compared with the existing site, which is now quite old and has an unavoidably suboptimal layout. Moreover, its size prevents the installation of additional reactors.

The current building lease expires in October 2021 so an element of duplicated running costs will be incurred across both sites for a limited time.

The proceeds of the Fundraising will be used, in summary, as follows:

New Building and fit out		<i>Expected timing</i>
Building fit-out	£0.4m	Q3/Q4 FY19
Transfer of existing equipment	£0.15m	Q2/Q3 FY20
Additional building lease, rates and other associated costs	£0.6m	FY20/FY21
Reactors and Development		
New standard coating reactor installation	£0.8m	Q2 FY19 to Q2 FY20
Large coating reactor installation and creation of R&D facility	£1.35m	FY20/21
New pre-treatment facility installation	£0.3m	Q3 FY19
Fundraising Total	£3.6m	

5. Current trading and outlook

Hardide has reached an inflexion point in its development, achieving record sales across all geographies which in the year ended 30 September 2018 represented a 42 per cent. year-on-year increase to £4.61 million. As announced in its preliminary results on 10 December 2018, the Company had cash at bank as at the year ended 30 September 2018 of £3.30 million. Oil and gas revenues grew significantly over that period, benefiting from a continued recovery in the sector, with strong sales to new and existing customers.

The Board is also encouraged by the potential for growth in sales to the civil aerospace sector. Having successfully completed technical testing, detailed discussions are underway with Airbus and its tier 1 partners regarding the supply of production parts. Parts for other US and UK aerospace manufacturers are in various stages of development, including the final stages of life testing on transmission parts for Leonardo Helicopters.

The Board is pleased with the Group's performance and the positive trading outlook. Our key oil and gas customers, who are experiencing a broad-based recovery in activity, are predicting that the current positive cycle will continue and that the supply-demand balance will remain favourable. This is positive news for Hardide and supports the Group's strategy to invest ahead of revenue as it drives towards profitability.

6. Share Capital Consolidation

6.1 Background to and reasons for the Share Capital Consolidation

The Company currently has 1,698,076,596 Ordinary Shares in issue, each of which has a nominal value of 0.1 pence. It is expected that, immediately prior to the Annual General Meeting, the Company will have 1,698,076,600 Ordinary Shares in issue (assuming that no other Ordinary Shares are allotted and issued by the Company between the date of this document and the Annual General Meeting but including a further 4 Ordinary Shares which will be issued in connection with the Share Capital Consolidation as described in paragraph 6.2 below). The volume-weighted average price per Ordinary Share during the period from 9 December 2018 to 7 February 2019 (being the last day on which the Ordinary Shares were traded on AIM) was 1.47 pence.

One consequence of having a very large number of shares in issue, with a very low market share price, is that small share trades can result in large percentage movements in share price which can result in considerable share price volatility. The Board also believes that the bid-offer spread on shares priced at low absolute levels can be disproportionate to the market share price, often to the detriment of Shareholders.

The Directors consider that it is in the best interests of the Company's long term development as a publicly quoted company to have a smaller number of shares in issue and a higher share price. Accordingly, in order to (i) reduce the number of shares in issue; (ii) create a nominal value for a share which is still significantly below the price at which shares trade; and (iii) attempt to reduce the likelihood of there being large dealing spreads in the Company's shares, thereby helping to reduce the likelihood of share price volatility, the Board is proposing a consolidation of the Ordinary Shares with the Company's share capital being reorganised such that:

**every 40 Ordinary Shares in issue on the Record Date will be consolidated into
1 new ordinary share with a nominal value of 4 pence**

Assuming completion of the Fundraising and the Share Capital Consolidation, on Admission the Company will have a total 48,451,917 ordinary shares of 4 pence each in issue.

As all of the Ordinary Shares are proposed to be consolidated, the proportion of issued ordinary shareholdings in the Company held by each Shareholder immediately before and immediately after the Share Capital Consolidation will, save for fractional entitlements (the treatment of which is described below), remain unchanged. Shareholder approval of the Share Capital Consolidation is being sought pursuant to Resolution 11.

6.2 Issue of a further 4 Ordinary Shares

In anticipation of Resolution 11 being passed by Shareholders, the Company intends, immediately prior to the Annual General Meeting, to issue 4 additional Ordinary Shares (the "**Share Consolidation Shares**") so as to enable the total number of Ordinary Shares in issue by the Company to be exactly divisible by 40. Since the Share Consolidation Shares will only represent a fraction of a New Ordinary Share, this fraction will itself be combined with other fractional entitlements and sold pursuant to the arrangements for fractional entitlements described below.

6.3 **Fractional entitlements and consequential amendment to Existing Articles**

The Share Capital Consolidation will result in fractional entitlements to a New Ordinary Share where any holding is not precisely divisible by 40. No certificates will be issued for fractional entitlements to New Ordinary Shares.

Following implementation of the Share Capital Consolidation, certain Shareholders may not have a proportionate holding of New Ordinary Shares exactly equal to their proportionate holding of Ordinary Shares. Furthermore, any Shareholders holding fewer than 40 Ordinary Shares as at close of business on the Record Date will cease to be a Shareholder, the minimum threshold to receive New Ordinary Shares being 40 Ordinary Shares.

Article 48 of the Existing Articles currently permits the Directors, on behalf of those members affected, to sell those shares representing fractional entitlements which arise from any proposed consolidation. Any New Ordinary Shares in respect of which there are fractional entitlements will therefore be aggregated and sold in the market for the best price reasonably obtainable on behalf of those Shareholders entitled to share fractions. The Company will then distribute the proceeds of sale in due proportion to any such Shareholders in accordance with the Existing Articles.

However, in the event that the net proceeds of sale to be distributed to any relevant Shareholder amount to £2 or less, the Directors are of the view that, as a result of the administrative burden and disproportionate costs involved, it would not be in the best interests of the Company to distribute those proceeds of sale. Accordingly, the Directors propose that the Existing Articles be amended such that the net proceeds arising from the sale of fractions need only be distributed to a Shareholder where it is entitled to receive more than £2 (and, below that minimum threshold, it is proposed the proceeds of sale be retained for the benefit of the Company, or at the discretion of the Directors, donated to charity). Given the current price per Ordinary Share, it is anticipated that the net proceeds of sale attributable to each relevant Shareholder will be less than £2 and accordingly (assuming the Existing Articles are amended pursuant to Resolution 10) there will be no distribution of any net proceeds of sale.

For the avoidance of doubt, the Company is only responsible for dealing with fractions arising on registered shareholdings. For Shareholders whose Ordinary Shares are held in the nominee accounts of UK stockbrokers, the effect of the Share Capital Consolidation on their individual shareholdings will be administered by the stockbroker or nominee in whose account the relevant shares are held. The effect is expected to be the same as for shareholdings registered in beneficial names, however, it is the responsibility of the stockbroker or nominee to deal with fractions arising within their customer accounts, and not the responsibility of the Company.

The proposed amendment to the Existing Articles is set out in Resolution 10. However, the Share Capital Consolidation is not conditional on Resolution 10 being passed.

6.4 **Rights attaching to the New Ordinary Shares**

Each New Ordinary Share will carry the same rights under the Existing Articles as each Ordinary Share does at present, including the right to vote and to receive all dividends and other distributions and any return of capital declared following Admission.

6.5 **Resulting ordinary share capital**

If the Share Capital Consolidation is approved by Shareholders, the issued share capital of the Company immediately prior to completion of the Fundraising is expected to comprise 42,451,915 New Ordinary Shares (assuming no other shares are allotted and issued by the Company between the date of this document and the Annual General Meeting but including the issue of the Share Consolidation Shares).

6.6 **Share certificates and CREST accounts**

If you hold a share certificate in respect of your Ordinary Shares, your certificate will no longer be valid from the time the Share Capital Consolidation becomes effective. If you hold 40 or more Ordinary Shares on the Record Date you will be sent a new share certificate evidencing the New Ordinary Share(s) to which you are entitled under the Share Capital Consolidation.

Such certificates are expected to be dispatched no later than 19 March 2019 by first class post at the risk of each Shareholder. Upon receipt of the new certificate, you should destroy any old certificate(s). Pending the despatch of new certificates, transfers of certificated New Ordinary Shares will be certified against the Register.

If you hold your Ordinary Shares in uncertificated form, you should expect to have your CREST account credited with the New Ordinary Shares to which you are entitled on implementation of the Share Capital Consolidation on 5 March 2019 or as soon as practicable after the Share Capital Consolidation becomes effective.

6.7 **Taxation**

The following statements are intended only as a general guide to the current tax position under UK taxation law and practice. They relate only to certain limited aspects of the UK tax position for individual Shareholders who are the beneficial owners of Ordinary Shares, who are resident and domiciled in the UK for tax purposes and who hold their shares in the Company as an investment (and not as securities to be realised in the course of a trade). The following is not, and is not intended to be, an exhaustive summary of the tax consequences of acquiring, holding and disposing of Ordinary Shares or New Ordinary Shares and it does not constitute advice.

If you are in any doubt as to your tax position or are subject to tax in any jurisdiction other than the UK, you should consult, and rely upon the advice of, a duly authorised professional adviser.

HM Revenue & Customs has given advance assurance that relevant investments in Placing Shares and Subscription Shares should qualify for relief under the EIS legislation. However no guarantee or other assurance is given that the activities of the Company will be such as to attract or retain any qualifying status for EIS or (if applicable) VCT purposes. Any person who is in doubt as to their tax position should consult their professional taxation adviser.

The Share Capital Consolidation should constitute a consolidation of the Company's share capital for the purposes of section 126 of the Taxation of Chargeable Gains Act 1992. For the purposes of UK taxation of chargeable gains, to the extent you receive New Ordinary Shares under the Share Capital Consolidation, you should not be treated as making a disposal of any of your Ordinary Shares or an acquisition of New Ordinary Shares. The New Ordinary Shares should be treated as the same asset as, and as having been acquired at the same time and for the same aggregate cost as, the holding of Ordinary Shares from which they derive.

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

7. **The Fundraising**

7.1 **The Placing Agreement and Subscription Letters**

Pursuant to the terms of the Placing Agreement, finnCap has agreed, subject to the fulfilment of certain conditions and on the terms set out therein, to use its reasonable endeavours, as agent for the Company, to procure subscribers for the Placing Shares with certain institutional investors at the Issue Price. Under the terms of the Subscription Letters, the Company has itself agreed, subject to the fulfilment of various conditions and on the terms set out therein, to issue the Subscription Shares to the Subscribers at the Issue Price. Neither the Placing nor the Subscription have been underwritten.

Completion of the Placing Agreement and the Subscription Letters are each conditional, *inter alia*, upon Resolutions 7 and 8 being duly passed, without amendment and by the requisite majority of Shareholders, at the Annual General Meeting and Admission becoming effective on or before 8.00 a.m. on 5 March 2019 (or such later time and/or date as the Company and finnCap may agree, but in any event by no later than 8.00 a.m. on 31 March 2019). The Placing is not subject to the Subscription, but the Subscription is conditional upon completion of the Placing. If any of the applicable conditions are not satisfied, neither the Placing Shares nor the Subscription Shares will be issued and all monies received from placees and Subscribers will be returned to them (at their own risk and without interest) as soon as possible thereafter.

The Placing Agreement contains certain customary warranties from the Company in favour of finnCap in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Company and its businesses. In addition, the Company has agreed to indemnify finnCap in customary terms in relation to certain liabilities it may incur in respect of the Placing. finnCap has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties given to finnCap in the Placing Agreement, the failure of the Company to comply with any of its obligations under the Placing Agreement or the occurrence of an adverse change in (amongst other things) national or international financial or political conditions (which in the opinion of finnCap will or is likely to be prejudicial to the Company or to the Placing or Admission).

7.2 **Settlement and dealings**

Application will be made to the London Stock Exchange for the Fundraising Shares and (in place of the Ordinary Shares) the New Ordinary Shares arising upon implementation of the Share Capital Consolidation to be admitted to trading on AIM. No application has been or is being made for the Fundraising Shares or the New Ordinary Shares to be admitted to any other recognised investment exchange. It is expected that Admission will become effective and that dealings in both the New Ordinary Shares and the Fundraising Shares will commence at 8.00 a.m. on 5 March 2019, on which date it is also expected the Fundraising Shares and the New Ordinary Shares will be enabled for settlement in CREST. Where appropriate, share certificates for those Fundraising Shares and New Ordinary Shares to be held in certificated form will be despatched by first class post by 19 March 2019.

The Fundraising Shares will, when issued, rank *pari passu* in all respects with the New Ordinary Shares (following Admission) including the right to vote and to receive all dividends and other distributions and any return of capital declared following Admission.

Following Admission of the New Ordinary Shares and the Fundraising Shares (and completion of the Share Capital Consolidation), the Company will have a total 48,451,917 ordinary shares of 4 pence each in issue.

Following the Share Capital Consolidation, the Company's new ISIN Code will be GB00BJJPX768 and its new SEDOL Code will be BJJPX76.

8. **Related Party Transactions**

8.1 **Substantial Shareholder**

Canaccord Genuity Ltd, Marlborough Nano-Cap Growth Fund and Canaccord Genuity Wealth Ltd (together, "**Canaccord**") have agreed to subscribe for an aggregate 3,466,166 Placing Shares pursuant to the Placing (assuming the Share Capital Consolidation is approved at the AGM). Canaccord is a related party of the Company for the purposes of the AIM Rules by virtue of its status as a substantial Shareholder holding 10 per cent. or more of the Existing Ordinary Shares. The Directors consider, having consulted with the Company's nominated adviser finnCap, that the terms upon which Canaccord has participated in the Placing are fair and reasonable insofar as Shareholders are concerned.

8.2 **Directors**

The following Directors have agreed to subscribe for the number of Subscription Shares set out below as part of the Fundraising:

		<i>As at the date of this document</i>	<i>Percentage of Existing Ordinary Share capital</i>	<i>Immediately following Admission*</i>	<i>Percentage of Enlarged Share Capital</i>
	<i>Role</i>	<i>No. of Ordinary Shares</i>		<i>No. of New Ordinary Shares</i>	
Philip Kirkham	Chief Executive Officer	2,592,952	0.15%	81,490	0.17%
Robert Goddard	Chairman	7,311,285	0.43%	202,782	0.42%
Andrew Boyce**	Non-Executive Director	267,134,461	15.73%	6,761,694	13.95%
Charles Irving-Swift	Non-Executive Director	505,050	0.03%	16,792	0.03%
Timothy Rice	Non-Executive Director	550,000	0.03%	17,916	0.04%

* Assuming the Share Capital Consolidation is approved at the AGM. In the event the Share Capital Consolidation is not approved, the number of Ordinary Shares held immediately following Admission will be multiplied by a factor of 40, but the applicable percentage of the Enlarged Share Capital will remain the same.

** Aggregate of Andrew Boyce's individual family and trust holdings.

Participation in the Fundraising by those Directors listed above also constitutes, in each case, a related party transaction for the purposes of the AIM Rules by virtue of their status as directors of the Company. Peter Davenport and Dr Yuri Zhuk, being independent directors of the Company for this purpose, consider, having consulted with the Company's nominated adviser, finnCap, that the terms upon which those Directors have participated in the Fundraising are fair and reasonable insofar as Shareholders are concerned.

9. **Notice of Annual General Meeting**

The Company does not have available to it those authorities as are required to be in place under the Act in order for it to allot new Shares pursuant to the Fundraising and to disapply pre-emption rights in respect of any such allotment. Accordingly, the Directors are, under Resolutions 7 and 8, seeking authority at the Annual General Meeting to allot the Fundraising Shares in order to implement the Fundraising.

In addition, the Company is seeking the authorities contained in Resolution 9 which are consistent with those conferred on the Board at last year's Annual General Meeting (albeit only in respect of 10 per cent. (rather than the usual 15 per cent.) of the Existing Ordinary Share Capital) and following such issue, if passed, the Company will, assuming the Share Capital Consolidation is approved, have additional authority available to issue up to a further 4,245,175 New Ordinary Shares representing approximately 8.8 per cent. of the Enlarged Share Capital. In the event that Resolution 9 is passed but the Share Capital Consolidation were not to be approved, the Company would have additional authority available to issue up to a further 169,807,000 Ordinary Shares again representing approximately 8.8 per cent. of the Enlarged Share Capital.

The purpose of seeking Shareholder approval to the taking of authorities in addition to those required for the Fundraising is to allow the Directors to have a further limited number of shares available to them for allotment following the Fundraising on a non pre-emptive basis. While the Directors have no present intention of exercising the additional authorities proposed to be conferred by Resolution 9, they believe that the granting of such authorities will preserve the Board's flexibility to take advantage of further opportunities if and when they arise.

Notice of the Annual General Meeting is set out at the end of this document. The Annual General Meeting will be held at the offices of finnCap at 60 New Broad Street, London EC2M 1JJ at 11.30 a.m. on 4 March 2019.

Shareholders have the right to attend, speak and vote at the Annual General Meeting (or, if they are not attending the meeting, to appoint someone else as their proxy to vote on their behalf) if they are

on the Register at the Voting Record Time (namely 6.00 p.m. on 28 February 2019, or in the event of any adjournment, 48 hours before the adjourned meeting). Changes to entries on the Register after the Voting Record Time will be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting. If the Annual General Meeting is adjourned, only those Shareholders who are on the Register 48 hours before the time of the adjourned meeting (excluding any part of a day that is not a business day) will be entitled to attend, speak and vote or to appoint a proxy.

The number of Ordinary Shares that a Shareholder holds as at the Voting Record Time will determine how many votes that Shareholder or its proxy will have in the event of a poll.

10. Action to be taken

It is important to the Company that Shareholders have the opportunity to vote even if they are unable to attend the Annual General Meeting. A Form of Proxy for use at the Annual General Meeting by Shareholders holding Ordinary Shares in certificated form accompanies this document. Whether or not you intend to attend the Annual General Meeting in person, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed thereon and to return it to the Company's registrars, Share Registrars Limited of The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, as soon as possible but, in any event, so as to be received by no later than 11.30 a.m. on 28 February 2019.

If you hold your Ordinary Shares in CREST and wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by completing and transmitting a CREST Proxy Instruction to Share Registrars Limited as soon as possible and so that it is received by no later than 6.00 p.m. on 28 February 2019.

The completion and return of a Form of Proxy or the transmission of a CREST Proxy Instruction will not affect your right to attend and vote in person at the Annual General Meeting if you so wish.

11. Recommendation

Your Board considers the Share Capital Consolidation and the Fundraising to each be in the best interests of the Company and Shareholders as a whole.

Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the Annual General Meeting as they and the persons closely associated with them intend to do in respect of their current holdings amounting, in aggregate, to 288,751,547 Ordinary Shares, representing approximately 17.0 per cent. of the Existing Ordinary Share capital.

Yours sincerely

Robert Goddard
Non-Executive Chairman

Hardide plc

(the "Company")

(Incorporated in England and Wales with registered number 05344714)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the offices of finnCap Limited at 60 New Broad Street, London EC2M 1JJ at 11.30 a.m. on Monday 4 March 2019 for the purposes of considering and, if thought fit, passing the resolutions set out below, of which the resolutions numbered 1 to 7 and resolution 11 will be proposed as ordinary resolutions and the resolutions numbered 8, 9 and 10 will be proposed as special resolutions.

Ordinary Business

1. **THAT** the financial statements of the Company for the financial year ended 30 September 2018 and the reports of the directors and auditor thereon be received and adopted.
2. **THAT** Mr Charles Irving-Swift, who was appointed as a director since the last Annual General Meeting, be elected as a director of the Company.
3. **THAT** Mr Timothy Rice, who was appointed as a director since the last Annual General Meeting, be elected as a director of the Company.
4. **THAT** Mr Philip Kirkham, who retires by rotation under the articles of association of the Company (the "**Articles**"), be re-elected as a director of the Company.
5. **THAT** James Cowper Kreston be re-appointed as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
6. **THAT** the directors be authorised to determine the auditor's remuneration.

Special Business

7. **THAT** in substitution for any existing authority, but without prejudice to the allotment of any equity securities already made pursuant thereto, the directors of the Company (the "**Directors**") be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to allot (or to grant rights to subscribe for or to convert any security into) relevant securities (within the meaning of the Act) up to an aggregate nominal amount of £566,025, representing approximately one third of the nominal value of the current issued ordinary share capital of the Company, provided that, unless previously renewed, extended, varied or revoked by the Company, this authority shall expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2020 and the date falling 15 months from the passing of this resolution, save that the Company may, at any time before this authority expires, make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
8. **THAT**, subject to and conditional upon the passing of resolution 7, in accordance with section 570 of the Act, the Directors be generally empowered to allot equity securities (as defined in section 560(1) of the Act) which are the subject of the authority conferred by that resolution as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £240,001 pursuant to the terms of a placing and subscription announced on 8 February 2019 and, unless previously renewed, extended, varied or revoked by the Company, expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2020 and the date falling 15 months from the passing of this resolution, save that the Company may, at any time before this authority expires, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot

equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

9. **THAT**, subject to and conditional upon the passing of resolution 7, in accordance with section 570 of the Act, the Directors be generally empowered to allot equity securities (as defined in section 560(1) of the Act) which are the subject of the authority conferred by that resolution as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to:
- (i) the allotment of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of shares in the capital of the Company in proportion (as nearly as may be) to their existing holdings of shares but subject to the Directors having a right to make such exclusions or other arrangements in connection with the offer as they deem necessary or expedient to deal with equity securities representing fractional entitlements, record dates and/or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory;
 - (ii) the grant of options over ordinary shares in the Company representing up to 15 per cent. of its issued ordinary share capital; and
 - (iii) the allotment for cash, otherwise than pursuant to paragraphs (i) and (ii) above, of further equity securities up to an aggregate nominal amount of £169,807, being approximately 10 per cent. of the issued ordinary share capital of the Company at the date hereof;

provided that, in each case, this power shall, unless previously renewed, extended, varied or revoked by the Company, expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2020 and the date falling 15 months from the passing of this resolution, save that the Company may, at any time before this authority expires, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

10. **THAT** article 48 of the Articles be amended by the insertion of the following words after the words “among those members” where such words appear on the fifth line of article 48, namely:

“except that any amount otherwise due to a member of an amount equal to or less than £2 may be retained for the benefit of the Company or, at the sole discretion of the Board, donated to charity.”

11. **THAT** every existing 40 ordinary shares of £0.001 each in the capital of the Company in issue and shown in the register of members of the Company at 6.00 p.m. (London time) on 4 March 2019 (or such other time and/or date as the directors of the Company may determine) (the “**Existing Ordinary Shares**”) be consolidated into one ordinary share of £0.04 in the capital of the Company, such ordinary shares having the same rights, and being subject to the same restrictions, as the Existing Ordinary Shares, as set out in the Articles.

By order of the Board

P N Davenport
Company Secretary

8 February 2019

Registered & head office: 11 Wedgwood Road, Bicester, Oxfordshire OX26 4UL

Shareholder Notes:

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting and at any adjournment of it. The notes to the proxy form explain how to direct your proxy to vote on each resolution or to withhold their vote. A shareholder may appoint more than one proxy in relation to the meeting 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, you should photocopy the proxy form and indicate the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the total number of shares held by you).
2. A proxy need not be a shareholder of the Company but must attend the meeting to represent any shareholder. A form of proxy which may be used to make such an appointment and to give proxy instructions in respect of shares held in certificated form accompanies this notice. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes contained in it but 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.
3. To be valid, any form of proxy or other instrument appointing a proxy must be completed and signed and sent or delivered by post or (during normal business hours only) by hand to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR (the “**Registrar**”) so as to be received by no later than 11.30 a.m. on 28 February 2019. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in Note 8 below) will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so although in that event, any proxy appointment will automatically be terminated, unless the Company is notified otherwise upon arrival.
4. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Registrar and, in the case of a member 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 also be included with the revocation notice and the revocation notice must be received by the Registrar no later than 11.30 a.m. on 28 February 2019. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the Note directly above, your proxy appointment will remain valid.
5. To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions and any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change your instructions using another hard-copy proxy form, please contact the Registrar. 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.
6. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that, in order to be entitled to attend and vote at the meeting (and for the purposes of determination by the Company of the votes they may cast), shareholders must be registered in the Register at 6.00 p.m. on 28 February 2019 (or, in the event of any adjournment, 48 hours before the adjourned meeting (excluding any part of a day that is not a business day)). Changes to the Register after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment by using the procedures described in the CREST Manual (available via www.euroclear.com/site/public/EU). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar (ID 7RA36) by 6.00 p.m. on 28 February 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that its CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. As at 5.00 p.m. on 7 February 2019, the Company’s issued ordinary share capital comprised 1,698,076,596 ordinary shares of £0.001 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 Company as at 5.00 p.m. on 7 February 2019 is 1,698,076,596. There are no ordinary shares held by the Company in treasury.
12. Copies of the service contracts and letters of appointment of the directors of the Company are available for inspection at the Company’s registered office during normal office hours until the day of the meeting when they will be available for at least 15 minutes prior to the meeting and during the meeting itself.

