

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000, as amended (FSMA) if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction. The whole of the text of this document should be read.

If you have sold or otherwise transferred all of your Existing Ordinary Shares, please immediately forward this document, together with the accompanying documents, 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. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Placing Shares are only available to qualified investors for the purposes of the Prospectus Directive or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Therefore, the Placing does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Rules and has not been pre-approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body and has not been approved for the purposes of section 21 of FSMA.

This document does not constitute an admission document drawn up in accordance with the AIM Rules and the London Stock Exchange has not itself examined or approved the contents of this document. The rules applicable to AIM are less demanding than those applicable to the Official List of the FCA.

Application will be made for the Placing Shares to be admitted to trading on the AIM Market of the London Stock Exchange (AIM). Subject to, inter alia, the passing of the Resolutions at the General Meeting, it is expected that admission to AIM will become effective and that dealings in the Placing Shares will commence at 8.00 a.m. on 3 May 2018. AIM is a market designed primarily for emerging and 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. 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, consulting with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.

The Company and the Directors, whose names are set out on page 7, accept responsibility, collectively and individually, for the information set out in this document. To the best of the knowledge and belief of the Company and the Directors (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.

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# Grafenia plc

*(incorporated in England and Wales with registered number 03983312)*

## Placing of 29,258,331 new Ordinary Shares at 12 pence per share and Notice of General Meeting

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The action to be taken by Shareholders in respect of the General Meeting is set out on page 11 of this document. A notice convening a General Meeting of the Company to be held at the offices of Gateley Plc, Ship Canal House, 98 King Street, Manchester, M2 4WU on 2 May 2018 at 10.00 a.m. is set out on pages 12 and 13 of this document. A Form of Proxy accompanies this document and is available on the Company's website [www.grafenia.com](http://www.grafenia.com). **To be valid, the Form of Proxy for use at the meeting must be completed and returned so as to be received at the offices of the Company's registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 10.00 a.m. on 30 April 2018.** The completion and depositing of the accompanying Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so Shareholders may also vote online through the website of the Company's registrars at [www.signalshares.com](http://www.signalshares.com).

You are recommended to read the whole of this document but your attention is drawn, in particular, to the letter from the Chairman of the Company which is set out on pages 7 to 11 of this document. This letter explains the background to, and reasons for, the proposed Placing and contains the Directors' unanimous recommendation that you vote in favour of the Resolutions.

Allenby Capital Limited (**Allenby Capital**), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no-one else in connection with the proposed Placing and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Allenby Capital, or for providing advice in relation to the Placing. Allenby Capital will not regard any other person as their client nor be responsible to any other person for providing the protections afforded to customers of Allenby Capital nor for providing advice in relation to the transactions detailed in this document or in relation to such proposals generally. Allenby Capital is not making any representation or warranty, express or implied, as to the content of this document. No liability is accepted by Allenby Capital for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document for which the Directors and the Company are responsible. Allenby Capital has not authorised the contents of any part of this document.

The Placing Shares described in this document have not been, and will not be, registered under the Securities Act or under the securities laws of any state of the United States. The Placing Shares are not being offered outside of the United States in "offshore transactions" pursuant to Regulation S of the Securities Act and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the Placing Shares in the United States. The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

All persons, including nominees, custodians and trustees, must observe these restrictions and may not send or distribute this document into any Restricted Jurisdiction.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. Subject to certain exceptions, this document is not for release, publication or distribution, directly or indirectly, in or into any Restricted Jurisdiction or any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

Copies of this document and the accompanying Form of Proxy are available, free of charge, at the offices of Grafenia at Third Avenue, The Village, Trafford Park, Manchester M17 1FG and on the Company's website [www.grafeniam.com](http://www.grafeniam.com).

## **Cautionary note regarding forward-looking statements**

This document contains statements about the Company that are or may be deemed to be "forward-looking statements".

All statements, other than statements of historical facts, included in this document may be forward-looking statements. Without limitation, any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "should", "anticipates", "estimates", "projects", or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements may include, without limitation, statements relating to future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects, etc.

These forward-looking statements are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules, the City Code on Takeovers and Mergers, the Prospectus Rules and/or FSMA), The Company does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this document are based on information available to the Directors at the date of this document, unless some other time is specified in relation to them, and the posting or receipt of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

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## DEFINITIONS

The following definitions apply throughout this document (including the Notice of General Meeting) and the Form of Proxy unless the context requires otherwise:

<b>"Act"</b>	the Companies Act 2006;
<b>"Admission"</b>	the effective admission of the Placing Shares to trading on AIM, in accordance with the AIM Rules;
<b>"AIM"</b>	a market operated by the London Stock Exchange;
<b>"AIM Rules"</b>	the AIM Rules for Companies as published by the London Stock Exchange from time to time;
<b>"Allenby Capital"</b>	Allenby Capital Limited, the Company's nominated adviser and broker, and, where the context allows, its affiliates, a private limited company incorporated in England and Wales with registered number 06706681;
<b>"Business Day"</b>	any day on which banks are usually open in England and Wales for the transaction of business, other than a Saturday, Sunday or public holiday;
<b>"certificated" or "in certificated form"</b>	a share or other security not held in uncertificated form (i.e. a share that is not in CREST);
<b>"Company" or "Grafenia"</b>	Grafenia plc, a public limited company incorporated in England and Wales with registered number 03983312;
<b>"CREST"</b>	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear UK & Ireland Limited;
<b>"CREST Manual"</b>	the rules governing the operation of CREST, as amended from time to time, produced by Euroclear UK & Ireland Limited and available at <a href="http://www.euroclear.com">www.euroclear.com</a> ;
<b>"CREST member"</b>	a person who has been admitted to CREST as a system-member (as defined in the CREST Manual);
<b>"CREST Regulations"</b>	the Uncertificated Securities Regulations 2001(SI 2001/3755) (as amended);
<b>"Directors" or "Board"</b>	the directors of the Company at the date of this document whose names are set out on page 7 of this document;
<b>"Enlarged Share Capital"</b>	the number of Ordinary Shares in issue following completion of the Placing;
<b>"Estimated Expenses"</b>	the estimated expenses incurred in connection with the Placing, being approximately £68,310;
<b>"Existing Ordinary Shares"</b>	the Ordinary Shares in issue at the date of this document;
<b>"FCA"</b>	the Financial Conduct Authority;
<b>"Form of Proxy"</b>	the form of proxy accompanying this document for use by Shareholders in connection with the GM;
<b>"FSMA"</b>	the Financial Services and Markets Act 2000, as amended;

<b>"GM" or "General Meeting"</b>	the general meeting of the Company convened for 10.00 a.m. on 2 May 2018 and any adjournment thereof, notice of which is set out at the end of this document;
<b>"Gross Proceeds"</b>	the proceeds from the issue of the Placing Shares prior to the deduction of Estimated Expenses, being approximately £3.5 million;
<b>"Group"</b>	the Company and its subsidiaries;
<b>"Independent Directors"</b>	the Directors other than Peter Gunning and Conrad Bona, for the purposes of the Related Party Transaction due to their participation in the Placing;
<b>"Langfrist"</b>	Investmentaktiengesellschaft für langfristige Investoren TGV;
<b>"Link Asset Services"</b>	a trading name of Link Market Services Limited;
<b>"London Stock Exchange"</b>	London Stock Exchange plc;
<b>"Net Proceeds"</b>	the estimated net proceeds from the issue of the Placing Shares after the deduction of the Estimated Expenses from the Gross Proceeds, being approximately £3.44 million;
<b>"Ordinary Shares"</b>	ordinary shares of 1 pence each in the capital of the Company;
<b>"Placing"</b>	the proposed conditional placing by the Company of the Placing Shares at the Placing Price;
<b>"Placing Agreement"</b>	the conditional agreement dated 13 April 2018 between the Company and Allenby Capital relating to the Placing;
<b>"Placing Price"</b>	12 pence per Placing Share;
<b>"Placing Shares"</b>	the 29,258,331 new Ordinary Shares which have been conditionally placed by the Company pursuant to the Placing;
<b>"Prospectus Directive"</b>	directive 2003/71/EC on the requirements for a prospectus to be published when securities are offered to the public or admitted to trading;
<b>"Prospectus Rules"</b>	the Prospectus Rules published by the FCA under section 73A of FSMA;
<b>"Related Party Transaction"</b>	a transaction with a related party pursuant to Rule 13 of the AIM Rules;
<b>"Resolutions"</b>	the resolutions to be proposed at the GM, details of which are set out in the notice of General Meeting set out at the end of this document;
<b>"Restricted Jurisdiction"</b>	each and any of Australia, Canada, New Zealand, France, Japan, the Republic of Ireland and the Republic of South Africa and the US;
<b>"Securities Act"</b>	the US Securities Act of 1933 as amended;
<b>"Shareholders"</b>	holders of Ordinary Shares;
<b>"uncertificated" or "in uncertificated form"</b>	an Ordinary Share recorded on a company's share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; and
<b>"US" or "United States"</b>	the United States of America.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of completed Forms of Proxy for use at the General Meeting	10.00 a.m. on 30 April 2018
General Meeting	10.00 a.m. on 2 May 2018
Placing Admission effective and trading expected to commence	8.00 a.m. on 3 May 2018
CREST members' accounts credited in respect of Placing Shares in uncertificated form as soon as possible after	8.00 a.m. on 3 May 2018
Share certificates in respect of Placing Shares expected to be dispatched by no later than	10 May 2018

All times are London times and each of the times and dates are subject to change. If any of the times and dates should change, the revised times and/or dates will be notified by means of an announcement through a Regulatory Information Service.

## PLACING STATISTICS

Number of Existing Ordinary Shares	47,557,835
Placing Price	12 pence
Number of Placing Shares	29,258,331
Number of Ordinary Shares in issue immediately following the Placing and Admission	76,816,166
Placing Shares as a percentage of the Enlarged Share Capital immediately following Admission	38.09 per cent.
Estimated Net Proceeds	£3.44 million
Ordinary Share ISIN	GB0009638130
SEDOL	0963813

## LETTER FROM THE CHAIRMAN

# Grafenia plc

(registered in England and Wales with registered number 03983312)

### Directors

Jan-Hendrik Mohr (Non-executive Chairman)  
Peter R Gunning (Chief Executive Officer)  
Alan Q Roberts (Chief Finance Officer)  
Gavin Cockerill (Chief Operating Officer)  
Richard Lightfoot (Director and Company Secretary)  
Conrad Bona (Non-executive Director)

### Registered Office

Third Avenue  
The Village  
Trafford Park  
Manchester  
M17 1FG

13 April 2018

*To Shareholders and, for information purposes only, to the holders of options over Ordinary Shares*

Dear Shareholder

### **Placing of 29,258,331 new Ordinary Shares at 12 pence per share**

**and**

### **Notice of General Meeting**

#### **Introduction**

The Company has announced today that it has conditionally raised approximately £3.5 million before expenses by means of a Placing with certain new and existing institutional and other investors of 29,258,331 Placing Shares at 12 pence per share.

The Placing is conditional, inter alia, on the passing of the Resolutions at the General Meeting and Admission becoming effective by no later than 8.00 a.m. on 3 May 2018 (or such other time and/or date, being no later than 8.00 a.m. on 18 May 2018, as the Company and Allenby Capital agree). It is expected that the Placing Shares will be admitted to trading on AIM on or around 8.00 a.m. on 3 May 2018.

The Net Proceeds are intended to be used to fund acquisitions as further described below.

The Board believes that raising equity finance, by way of a placing, is the most appropriate method of financing for the Group at this time. It allows the Company to raise funds relatively quickly and at a lower cost than might be possible by undertaking another form of fundraising, such as an open offer or rights issue. It also avoids the need for a prospectus to be prepared and issued, which is a costly and time-consuming process.

The purpose of this document is to set out the background to and reasons for, and to provide further information on, the Placing. It explains why the Board considers the Placing to 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, as they have irrevocably undertaken to do in respect of their own beneficial holdings of Ordinary Shares, in aggregate representing approximately 5.56 per cent. of Existing Ordinary Shares.

At the end of this document you will find a notice convening the General Meeting at which the Resolutions will be proposed by the Directors. The General Meeting has been convened for 10.00 a.m. on 2 May 2018 and will take place at the offices of Gateley plc, Ship Canal House, 98 King Street, Manchester, M2 4WU.

## **Background to and reasons for the Placing**

The Directors believe Grafenia remains too small to be a public company. Quite simply, the ongoing costs of being listed continues to impact significantly upon the Group's earnings. As our traditional market has become more competitive and margins have eroded over time, we have sought to reposition the business.

In 2016, the Directors began a strategic review to assess ways to improve shareholder value.

Delisting the Company from AIM was considered. However, we rejected this as it would result in a loss of liquidity in our Ordinary Shares. We believed this would not be acceptable to Shareholders and would also not enhance trading performance.

### *The market opportunity*

In 2016, we announced our plans to acquire sign businesses. We like this sector for a number of reasons. It's complementary to our core business. It's highly fragmented. There are multiple acquisition targets. We've evaluated many sign businesses. The businesses we have acquired – and our current targets – have been stable or shown growth over the past three years.

The businesses we have evaluated so far tend to sell to SMEs, which is the same client base as Nettle studios.

Our aim is to create a national sign solution capability serving SMEs.

### *Our method*

The first stage is to acquire a profitable business, where the owner wants to stay – we call them the "remainder".

We'll consider businesses which meet our criteria:

- stable or growing, with track record of profitability in prevailing four or five years;
- minimum annual turnover of £250,000;
- their top three clients represent no more than 30 per cent of their business;
- gross profit margins above 55 per cent;
- owner's salary expectation consistent with our Company's pay structure;
- located in a primary city target location (phase 1) or secondary location (phase 2);
- property tenure flexible (able to relocate within 24 months);
- good cultural fit (management's business ethos and circumstances i.e. must support rebranding and personal circumstances must underpin / encourage long term commitment).

We evaluate each "remainder" acquisition on its own merits as if it were to remain standalone.

Once we've acquired and integrated a "remainder" business, we look for another local business to roll-in. For these other businesses, we target owners seeking to exit – the "leaver". Our plan is to consolidate both businesses into a single team, led by the "remainder". We aim to achieve cost savings by centralising marketing, management information systems, legal support, payroll and accounting.

Our experience from the first three deals we've completed suggests we are able to acquire sign businesses at 2-5x adjusted forecast EBIT.

### *Our progress so far*

In January 2017 we acquired ADD Signs in Liverpool. In the first full year under our ownership, sales grew by over 30 per cent and beat our profit target.

In March 2018, ADD Signs relocated from its former home to a 5,000 square foot trade-counter unit in Liverpool Waters. At the same time, we re-branded them as a Nettle Business Store. The Business Store features a design studio, retail display area, meeting room hire and drive-in vehicle bay for installation of graphics. We will manufacture signage in-store and the installation team is based there.



The next objective for this business is to roll-in a "leaver" business. We are evaluating potential targets.

In July 2017 we acquired Image Group Limited. With £5.5 million turnover, this was a much larger business than our typical roll-up target. However, it was always our aim to centralise some sign and display production. We brought these plans forward.

In the first six months under our ownership, Image Group has integrated well. We've merchandised and promoted a range of display products, manufactured by Image Group and we sell them via our Nettle and printing.com partners. The next objective for this business is to extend our product range to include installation services and to act as a signs hub for our network of Business Stores.

In December 2017, we acquired Nettle of Exeter, one of our top performing partners. The owner is seeking to retire over the coming years. Our next step is to roll-in a signs business and combine the studio team, together with a "remainder" leader.

### **Use of proceeds**

We plan to use the proceeds of this Placing to acquire and roll-up sign businesses over the next two years, including the opening of further Nettle Business Superstores. The actual number will be determined by their profitability and scale.

In the short term, however, while the Company is seeking to identify and negotiate the acquisition of these businesses, the Company will utilise up to £2 million of the Net Proceeds to repay and renegotiate certain of its existing debt arrangements, to achieve more favourable terms and save unnecessary interest payments.

In due course, the Company plans to finance acquisitions with a prudent mix of equity and debt.

### **Potential Reverse Takeover(s)**

As the Company reported a loss before tax for the year ended 31 March 2017 and due to the Company's market capitalisation, any acquisition in the foreseeable future might be classified as a reverse takeover pursuant to the AIM Rules. Accordingly, any such acquisition would be conditional on the consent of Shareholders and would require the publication of an admission document for the enlarged Group to seek re-admission to AIM.

### **Current trading and outlook**

Transactional print volumes are inherently difficult to predict. As we reposition our business, we have two aims:

Firstly, to be closer to the final client. That means being at the start of the creative process. By interacting directly with clients in our Company-owned Nettle locations, rather than receiving files as a trade 'upload and print' service. And by helping our Nettle partner locations to win work locally.

Secondly, to scale our Nettle partner network in locations where we don't have Company stores. We want our partners to value what we bring versus what they pay in licence fees.

Our most recent trading statement was announced on 23 March 2018.

### **Details of the Placing**

The Company is proposing to raise, in aggregate, approximately £3.5 million (approximately £3.44 million net of expenses) by way of a Placing of 29,258,331 Placing Shares with certain new and existing investors.

Allenby Capital has entered into the Placing Agreement with the Company under which Allenby Capital has, on the terms and subject to the conditions set out therein (including Admission), undertaken to act as settlement agent for the Placing. The Placing Agreement contains certain warranties and indemnities from the Company in favour of Allenby Capital. The Placing is not being underwritten by Allenby Capital or any other person.

The Placing is conditional, inter alia, on:

- the passing of the Resolutions at the General Meeting;
- Admission becoming effective by no later than 8.00 a.m. on 3 May 2018 (or such later time and/or date, being no later than 8.00 a.m. on 18 May 2018, as the Company and Allenby Capital may agree); and
- the Placing Agreement not being terminated prior to Admission.

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Placing will not proceed.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of the Ordinary Shares following Admission. It is expected that such Admission will become effective and that dealings on AIM will commence at 8.00 a.m. on 3 May 2018.

### **Dilution resulting from the Placing**

Following the issue of the Placing Shares, Shareholders who have not participated in the Placing will suffer a dilution of 38.09 per cent. to their interests in the Company.

### **Directors' participation in the Placing**

Directors Peter Gunning and Conrad Bona are participating in the Placing on identical terms to the other subscribers. Peter Gunning and Conrad Bona have agreed to subscribe for 175,000 and 250,000 Placing Shares, respectively, at an aggregate cost of £51,000.

### **Related party transaction**

Langfrist is a related party of the Company for the purposes of the AIM Rules as it holds more than 10 per cent of the Existing Ordinary Shares, being 22.86 per cent. Langfrist will participate in the Placing in respect of 10,833,332 new Ordinary Shares and such participation represents a related party transaction pursuant to Rule 13 of the AIM Rules.

The Independent Directors, having consulted with the Company's Nominated Adviser, Allenby Capital, consider that the terms of the Related Party Transaction are fair and reasonable insofar as the Shareholders are concerned.

### **Resolutions and General Meeting**

The Placing is conditional upon, inter alia, the passing of the Resolutions. A notice convening the General Meeting to be held at the offices of Gateley Plc, Ship Canal House, 98 King Street, Manchester M2 4WU at 10.00 a.m. on 2 May 2018 is set out at the end of this document. At the General Meeting, the following Resolutions will be proposed:

- (a) a special resolution to:
  - (i) delete article 3.1 of the Company's articles of association containing the limit on the maximum number of shares the Company may issue; and
  - (ii) delete the limit on the maximum number of shares the Company may issue imposed as a result of the authorised share capital of the Company on 1 October 2009 being treated, by virtue of section 28 of the Act, as a provision of the Company's articles of association;
- (b) an ordinary resolution to authorise the Directors to allot relevant securities, inter alia, for the purposes of the Placing up to an aggregate nominal amount of £292,583.31; and
- (c) a special resolution to allow the Directors, subject to the limits set out in that resolution, to issue Ordinary Shares for cash otherwise than on a pre-emptive basis, which is a specific authority to allot the Placing Shares up to a nominal amount of £292,583.31.

### **Irrevocable undertakings**

The Company has received irrevocable undertakings to vote in favour of the Resolutions from all of the Directors that hold Ordinary Shares in respect of 2,644,874 Ordinary Shares representing approximately 5.56 per cent. of the Existing Ordinary Shares.

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

Accompanying this document is a Form of Proxy for use at the General Meeting and, if you are a Shareholder based in the United Kingdom, you will also have received a reply-paid envelope for use in conjunction with the return of the Form of Proxy. Whether or not you propose to attend the General Meeting in person, you are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed on it so as to arrive at the Company's registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and in any event not later than 10.00 a.m. on 30 April 2018. Completion and return of the Form of Proxy will not prevent Shareholders from attending the General Meeting and voting in person should they so wish.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Placing Shares will commence at 8.00 a.m. on 3 May 2018.

The articles of association of the Company permit the Company to issue shares in uncertificated form. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities to be held in electronic rather than paper form. CREST is a voluntary system and Shareholders who wish to retain certificates will be able to do so.

### **Recommendation and voting intentions**

The Directors unanimously believe that the Placing is in the best interests of the Company and its Shareholders as a whole and recommend Shareholders to vote in favour of the Resolutions, as they intend to do in respect of their own beneficial holdings of 2,644,874 Ordinary Shares, representing approximately 5.56 per cent. of the Existing Ordinary Shares.

Yours faithfully,



**J H Mohr**

Chairman

# Grafenia plc

(registered in England and Wales with registered number 03983312)

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at the offices of Gateley Plc, Ship Canal House, 98 King Street, Manchester, M2 4WU on 2 May 2018 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 and 3 will be proposed as special resolutions and resolution 2 will be proposed as an ordinary resolution:

### SPECIAL RESOLUTION

- (1) That the articles of association of the Company be amended by:
- (a) the deletion of article 3.1 and the renumbering of subsequent articles; and
  - (b) the deletion of the limit on the maximum number of shares which the Company may issue imposed as a result of the authorised share capital of the Company on 1 October 2009 being treated, by virtue of section 28 of the Companies Act 2006 (Act), as a provision of the Company's articles of association.

### ORDINARY RESOLUTION

- (2) That, in addition to all subsisting and unexercised authorities and powers, the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Act to exercise all or any of the powers of the Company to allot ordinary shares of 1 pence each in the capital of the Company (Ordinary Shares) or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as Relevant Securities) up to an aggregate nominal value of £292,583.31 (being equal to 29,258,331 Ordinary Shares) pursuant to the Placing (as such term is defined in the circular of the Company dated 13 April 2018 to which this notice is attached (the Circular)) and provided this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company or on the date which is 6 months after the next accounting reference date of the Company (if 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 Relevant Securities to be allotted after the expiry of such period and the directors of the Company may allot Relevant Securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

### SPECIAL RESOLUTION

- (3) That, subject to and conditional upon the passing of the resolution 2 above and in addition to all subsisting and unexercised authorities and powers, the directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) of the Company for cash pursuant to the authority conferred upon them by resolution 2 as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited to the allotment, in aggregate, of 29,258,331 Ordinary Shares in connection with the Placing (as such term is defined in the Circular) and, unless previously renewed, varied or revoked by the Company in general meeting, such power to expire at the end of the next annual general meeting of the Company or the date which is 6 months after the next accounting reference date of the Company (if earlier) but in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the power expires and the directors of the Company may allot equity securities under any such offer or agreement as if the power had not expired.

By order of the Board



Richard Lightfoot  
Company Secretary

Registered office:  
Third Avenue,  
The Village, Trafford Park,  
Manchester, M17 1FG  
Dated: 13 April 2018

## Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend, speak and vote at the meeting instead of him. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the Company but must attend the meeting to represent you. The appointment of a proxy will not preclude a member from attending and voting at the meeting in person should he subsequently decide to do so.
2. A proxy may only be appointed using the procedures set out in these notes and the attached proxy form. To be valid, the proxy form must be completed and signed and reach the Company's Registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time of holding of the meeting. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be enclosed with the proxy form.
3. The Company specifies that only those Shareholders of the Company on the register at close of business on 30 April 2018 shall be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. 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.
5. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's agent, Link Asset Services (whose CREST ID is RA10) by the specified latest time(s) for receipt of proxy appointments. 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 Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed.
6. A member may vote online through the website of the Company's registrars, Link Asset Services, at **www.signalshares.com**. To do so a member will need to be registered for the share portal and log into that member's share portal account.







GRAFENIA<sup>®</sup> plc

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[WWW.GRAFENIA.COM](http://WWW.GRAFENIA.COM)

Grafenia plc is registered in England and Wales under number 03983312  
Registered office: Third Avenue, The Village, Trafford Park, Manchester M17 1FG. VAT Registration No. GB 764 5390 08

XIR/AQR/CRH/06-17/R1



# Grafenia plc

(registered in England and Wales with registered number 03983312)

For use at the General Meeting of the Company to be held at the offices of Gateley Plc, Ship Canal House, 98 King Street, Manchester M2 4WU on 2 May 2018 at 10.00 a.m.

**I/We**

(BLOCK LETTERS PLEASE)

**of**

being a member of **Grafenia plc**, hereby appoint the Chairman of the meeting, or\*

as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at the offices of Gateley Plc, Ship Canal House, 98 King Street, Manchester M2 4WU on 2 May 2018 at 10.00 a.m. on the following resolutions, to be submitted to the meeting and at any adjournment thereof, and any other business which may properly come before the meeting and any adjournment thereof.

Please indicate with an 'X' in the appropriate space how you wish your vote to be cast. Unless otherwise instructed, the proxy will vote as he thinks fit or abstain.

	FOR	AGAINST	VOTE WITHHELD**
<b>SPECIAL RESOLUTION</b>			
1. <b>THAT</b> , the articles of association be amended by: (a) the deletion of article 3.1; and (b) the deletion of the limit on the maximum number of shares which the Company may issue imposed as a result of the authorised share capital of the Company on 1 October 2009 being treated, by virtue of section 28 of the Companies Act 2006 (Act), as a provision of the Company's articles of association.			
<b>ORDINARY RESOLUTION</b>			
2. <b>THAT</b> , the Directors be generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company up to an aggregate nominal value of £292,583.31.			
<b>SPECIAL RESOLUTION</b>			
3. <b>THAT</b> , subject to the passing of Resolution 2, the directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities for cash as if section 561 of the Act did not apply to any such allotment (subject to certain specified limitations).			

No. of shares proxy appointed over \_\_\_\_\_

Please tick here if you are appointing more than one proxy:

Signature \_\_\_\_\_

Dated \_\_\_\_\_

2018

The definitions and phrases used in this form of proxy shall have the same meaning as set out in the Company's circular dated 13 April 2018 (the "Circular").

\* You may, if you wish, in the space provided insert the name(s) of the person(s) of your choice to attend and vote at the meeting on your behalf.

\*\* Please note that if the "Vote Withheld" box is marked with an "X", the Shareholder will not be counted in the calculation of votes "For" and "Against" and the Shareholder will not be taken to have given his/her/their discretion to the Proxy, on how to vote.

**PLEASE INSERT INTO PRE-PAID ENVELOPE SUPPLIED**

## NOTES

1. As a member of the Company you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote on your behalf at a general meeting of the Company.
2. You can only appoint a proxy using the procedures set out in these notes. If the proxy is being appointed in relation to part of your holding only, please enter in the space provided the number of shares in relation to which they are authorised to act as your proxy. If this box is left blank they will be authorised in respect of your full voting entitlement.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the space provided on your proxy form. If you sign and return your proxy form with no name inserted in the space, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you must complete a separate proxy form for each proxy. Members can copy their original proxy form. If you are appointing more than one proxy, please indicate in the space provided the number of shares in relation to which they are authorised to act as your proxy and indicate by ticking the relevant box that the proxy appointment is one of multiple appointments being made. Multiple proxy appointments should be returned together in the same envelope.
5. The return of a completed proxy form, other such instrument or any CREST proxy instruction (as described in paragraph 12 below) 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.
6. To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. 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, including a motion to adjourn.
7. To be valid any proxy form or other instrument appointing a proxy must be:
  - completed and signed;
  - sent or delivered to Link Asset Services, PXS The Registry, 34 Beckenham, Kent, BR3 4TU; and
  - received by Link Asset Services no later than 10.00 a.m. on 30 April 2018.
8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, 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).
9. In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company.
10. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.
11. 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.
12. You may vote online through the website of the Company's registrars, Link Asset Services, at [www.signalshares.com](http://www.signalshares.com). To do so you will need to be registered for the share portal and have a share portal account.
13. You may not use any electronic address provided in your proxy form to communicate with the Company for any purposes other than those expressly stated.
14. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held at 10.00 a.m. on 2 May 2018 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST 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 instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Link Asset Services (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. 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 Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. 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 his CREST sponsor or voting service provider takes) 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 sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.
15. Only those members entered on the register of members of the Company at close of business on 30 April 2018 or, in the event that this meeting is adjourned, in the register of members as at close of business on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members after the close of business on 30 April 2018 or, in the event that this meeting is adjourned, in the register of members before the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
16. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.