

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the Resolutions to be voted on at the General Meeting of the Company to be held at the Company's registered office, Merlin Place, Milton Road, Cambridge, CB4 0DP at 2.00 p.m. on 5 November 2018. If you are in any doubt about what action you should take, you should consult your stockbroker, bank manager, solicitor or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.**

Copies of this document will be available free of charge until 30 November 2018 at the Company's registered office, Merlin Place, Milton Road, Cambridge CB4 0DP, during normal business hours.

If you have sold or otherwise transferred, or you sell or otherwise transfer, all of your holding of Existing Ordinary Shares held in certificated form prior to the ex-entitlement date, please send this Circular and the accompanying Application Form and Form of Proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through or by whom the sale or transfer was or is effected, for onward delivery to the purchaser or transferee, except that such documentation should not be sent into a Restricted Jurisdiction or other jurisdiction where doing so may constitute a violation of local securities laws or regulations. If you have sold or otherwise transferred, or you sell or otherwise transfer only some of your Existing Ordinary Shares held in certificated form before the ex-entitlement date you should immediately consult the stockbroker, bank or other agent through or by whom the sale or transfer was effected and refer to the instructions regarding split applications set out in the Application Form. If you have sold or otherwise transferred, or you sell or otherwise transfer, some only or all of your holding of Existing Ordinary Shares held in an uncertificated form prior to the ex-entitlement date, a claim transaction will automatically be generated by Euroclear which, on settlement will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee through CREST.

The Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken 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.

Application will be made to the London Stock Exchange plc for the Fundraising Shares to be admitted to trading on AIM. It is expected that First Admission will become effective and that dealings in all of the First Fundraising Shares will have commenced by 8.00 a.m. on 6 November 2018. It is expected that Second Admission will become effective and that dealings in all of the Second Fundraising Shares will have commenced by 8.00 a.m. on 7 November 2018.

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# CYANCONNODE HOLDINGS PLC

*(Incorporated and registered in England and Wales with registered no. 04554942)*

**Proposed Placing of 39,787,391 Ordinary Shares, Subscription for 10,665,000 Ordinary Shares  
and Open Offer for up to 5,142,961 Ordinary Shares**

**at 10 pence per Ordinary Share to raise up to £5.6 million**

**and**

**Notice of General Meeting**

***Nominated Adviser and Joint Broker:***



***Joint Broker:***



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**This Circular should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting. In addition, your attention is drawn to Part 2 of this Circular entitled "Risk Factors relating to the CyanConnode Group", which contains certain general and specific risks and uncertainties for the CyanConnode Group that should be considered by Shareholders when considering whether or not to make an investment in the Company.**

**The total consideration under the Open Offer shall be up to £514,296 in aggregate and the Subscription Shares and Placing Shares are only available to qualified investors for the purposes of the Regulation 2017/1129 or otherwise in circumstances not resulting in an offer of transferable securities to the public under Section 102B of FSMA. Therefore, in accordance with Section 86 of FSMA, this Circular is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this Circular has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom, pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body. In addition, this Circular does not constitute an admission document drawn up in accordance with the AIM Rules for Companies.**

**Notice of a General Meeting of CyanConnode Holdings plc to be held at the Company's registered office at Merlin Place, Milton Road, Cambridge, CB4 0DP at 2.00 p.m. on 5 November 2018 is set out at the end of this document. A Form of Proxy for use in connection with the General Meeting is also enclosed with this document. The Form of Proxy should be completed and returned to the Company's Registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 48 hours prior to the General Meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.**

finnCap Ltd (“finnCap”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and joint broker to the Company with Arden Partners plc (“Arden”) acting as joint broker to the Company. The responsibilities of finnCap as the Company’s nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange plc and are not owed to the Company or to any Director, shareholder or any other person, in respect of his decision to acquire shares in the Company in reliance on any part of this document, or otherwise. Neither finnCap nor Arden is making any representation or warranty, express or implied, as to the contents of this document. Neither finnCap nor Arden will be offering advice and will not be responsible for providing customer protections to recipients of this document in respect of the Fundraising or any acquisition of shares in the Company.

This Circular and (where applicable) the Application Form do not constitute an offer to sell or the solicitation of an offer to buy or subscribe for securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution in or into the United States, Canada, Australia, the Republic of South Africa or Japan. Neither the Fundraising Shares nor any other Ordinary Shares have been or will be registered under the applicable securities laws of the United States, Canada, Australia, the Republic of South Africa or Japan. In addition, such shares have not been and will not be registered under the United States Securities Act 1933, as amended (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States of America and may not be offered or sold within the United States to, or for the account or benefit of, any US Person (as that term is defined in Regulation S under the Securities Act).

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

Not all Shareholders will be Qualifying Shareholders. Subject to certain exceptions, Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any other Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form or otherwise be permitted to participate in the Open Offer. The attention of Overseas Shareholders is drawn to paragraph 6 of Part 3 of this Circular.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 5 November 2018. The procedure for application and payment for Qualifying Shareholders is set out in Part 3 of this Circular, and, where relevant, in the accompanying Application Form.

Shareholders are advised to return the Application Form using the enclosed reply-paid envelope, which can also be used for return of completed Forms of Proxy.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

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

This document contains statements about the Company that are of 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 result, 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, 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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## DIRECTORS, COMPANY SECRETARY AND ADVISERS

<b>Directors</b>	John James Cronin, <i>Executive Chairman</i> Harry James Berry, <i>Chief Operating Officer</i> Heather Marie Peacock, <i>Group Finance Director</i> Peter Ronald Hutton, <i>Non-Executive Director</i> Paul Graham Ratcliff, <i>Non-Executive Director</i> William David Johns-Powell, <i>Non-Executive Director</i>
<b>Company Secretary</b>	Heather Marie Peacock
<b>Registered Office</b>	CyanConnode Holdings plc Merlin Place Milton Road Cambridge CB4 0DP
<b>Nominated Adviser and Broker</b>	finnCap Ltd 60 New Broad Street London EC2M 1JJ
<b>Legal Advisers to the Company</b>	Trowers & Hamblins LLP 3 Bunhill Row London EC1Y 8YZ
<b>Joint Broker to the Company</b>	Arden Partners plc 125 Old Broad Street London EC2N 1AR
<b>Legal Advisers to finnCap Ltd and Arden Partners plc</b>	Pitmans LLP 107 Cheapside London EC2V 6DN
<b>Registrars</b>	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlements under the Open Offer	6.00 p.m. on 18 October 2018
Announcement of the Fundraising	7.00 a.m. on 19 October 2018
Existing Ordinary Shares marked 'ex-entitlement' by the London Stock Exchange	8.00 a.m. on 19 October 2018
Publication and posting date of this Circular, the Form of Proxy and, to Qualifying Non-CREST Shareholders only, the Application Form	19 October 2018
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to CREST stock accounts of Qualifying CREST Shareholders	22 October 2018
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 30 October 2018
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 31 October 2018
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 1 November 2018
<b>Latest time and date for receipt of Forms of Proxy for the General Meeting</b>	2.00 p.m. on 1 November 2018
<b>Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)</b>	11.00 a.m. on 5 November 2018
General Meeting	2.00 p.m. on 5 November 2018
Results of the General Meeting and Fundraising expected to be announced	5 November 2018
Admission and dealings in First Fundraising Shares expected to commence on AIM	8.00 a.m. on 6 November 2018
CREST accounts credited with the First Funding Shares and Second Funding Shares	8.00 a.m. on 6 November 2018
Admission and dealings in Second Fundraising Shares expected to commence on AIM (and CREST accounts credited)	8.00 a.m. on 7 November 2018
Anticipated date of despatch for share certificates in respect of First Fundraising Shares	by 14 November 2018
Anticipated date of despatch for share certificates in respect of Second Fundraising Shares	by 15 November 2018

Notes:

Each of the times and dates above are subject to change. References to time in this Circular, the Application Form and the Form of Proxy are to London time unless otherwise stated. If any of the above and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by announcement through a Regulatory Information Service.

In order to subscribe for Open Offer Shares under the Open Offer, Qualifying Shareholders will need to follow the procedure set put in Part 3 of this Circular and Qualifying Non-CREST Shareholders will need to complete the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for application, acceptance and payment under the Open Offer, or (in the case of Qualifying Non-CREST Shareholders) wish to request another Application Form, they should contact the Receiving Agent by telephone on 01252 821390 (UK) or +44 1252 821390 (overseas). Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the proposals described in this Circular nor give any financial, legal or tax advice.

Shareholders are advised to return the completed Application Form using the enclosed reply-paid envelope, which can also be used for return of the completed Form of Proxy.

## FUNDRAISING STATISTICS

Number of Existing Ordinary Shares	128,574,049
Issue Price	10 pence
Number of First Fundraising Shares being issued pursuant to the Placing	4,460,000
Number of Second Fundraising Shares being issued pursuant to the Placing	35,327,391
Number of Placing Shares being issued pursuant to the Placing	39,787,391
Number of Subscription Shares being issued pursuant to the Subscription	10,665,000
Maximum number of Open Offer Shares being issued pursuant to the Open Offer	5,142,961
Maximum total number of Fundraising Shares being issued pursuant to the Fundraising	55,595,352
Number of Placing Shares as a percentage of the Enlarged Share Capital	21.6 per cent.
Number of Subscription Shares as a percentage of the Enlarged Share Capital	5.8 per cent.
Number of Open Offer Shares as a percentage of the Enlarged Share Capital <sup>2</sup>	2.8 per cent.
Number of Fundraising Shares as a percentage of the Enlarged Share Capital <sup>2</sup>	30.2 per cent.
Enlarged Share Capital <sup>1/2</sup>	184,169,401
Gross proceeds of the Placing	£4.0 million
Gross proceeds of the Subscription	£1.1 million
Maximum gross proceeds of the Open Offer	£0.5 million
Maximum gross proceeds of the Fundraising	£5.6 million
Market capitalisation of the Company on Admission at the Issue Price <sup>1/2</sup>	£18.4 million
ISIN of the Existing Ordinary Shares	GB00BF93WP34
SEDOL of the Existing Ordinary Shares	BF93WP3
ISIN of the Open Offer Entitlements	GB00BF7L9478
ISIN of the Excess Open Offer Entitlements	GB00BF7L9361

### Notes

1. Assuming that, no Ordinary Shares are issued prior to the date of the General Meeting.
2. Assuming that all Open Offer Shares are issued.

## DEFINITIONS

The following definitions apply throughout this document and in the accompanying Form of Proxy and (for Qualifying Non-CREST Shareholders only) the Application Form unless the context requires otherwise:

“AIM”	the market of that name operated by the London Stock Exchange;
“AIM Rules”	together, the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
“AMI”	Advanced Metering Infrastructure;
“Application Form”	the personalised application form which accompanies this Circular (where appropriate) on which Qualifying Non-CREST Shareholders (other than certain Overseas Shareholders) may apply for Open Offer Shares under the Open Offer;
“Board” or “Directors”	the directors of CyanConnode whose names are set out on page 4 of this document;
“Business Day”	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;
“Certificate”	a certificate issued under section 204 of the Income Tax Act 2007 by the Company to certain investors who have requested EIS relief;
“Circular”	this document;
“City Code”	the City Code on Takeovers and Mergers;
“Companies Act”	the Companies Act 2006 (as amended);
“Company” or “CyanConnode”	CyanConnode Holdings plc, a company incorporated and registered in England and Wales with company number 04554942;
“Corporate Finance Warrants”	the 895,132 warrants, created under the corporate finance warrant instrument, to subscribe for Ordinary Shares during the six months following Admission (on the basis of one Corporate Finance Warrant for one Ordinary Share) exercisable at 12 pence per Ordinary Share (being a 20 per cent. premium to the Issue Price);
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear;
“CREST Manual”	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterpart Service Manual, the CREST Rules, the CREST Courier and Sorting Services Operations Manual, the Daily Timetable, the CREST Application Procedures and the CREST Glossary of Terms (as updated from time to time);
“CREST member”	a person who has been admitted to CREST as a system member (as defined in the CREST Manual);
“CREST member account ID”	the identification code or number attached to a member account in CREST;
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);

“CREST participant ID”	shall have the meaning given in the CREST Manual;
“CREST payment”	shall have the meaning given in the CREST Manual;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member;
“CyanConnode Group”	the group of companies of which the Company and its subsidiary undertakings are members;
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“EIS”	Enterprise Investment Scheme under the provisions of Part 5 of the UK Income Tax Act 2007 (as amended);
“Enlarged Share Capital”	the Company’s issued share capital immediately after the completion of the Fundraising;
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for any number of Open Offer Shares in excess of their Open Offer Entitlement provided that they have agreed to take up their Open Offer Entitlement in full;
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, the entitlement (in addition to his/her Open Offer Entitlement) to apply for Open Offer Shares pursuant to the Excess Application Facility, which is conditional on him/her taking up his/her Open Offer Entitlement in full;
“Excess Open Offer Entitlement”	in respect of each Qualifying Shareholder, the entitlement (in addition to his/her Open Offer Entitlement) to apply for Open Offer Shares pursuant to the Excess Application Facility, which is conditional on him/her taking up his/her Open Offer Entitlement in full;
“Existing Ordinary Shares”	the existing Ordinary Shares at the date of this document;
“FCA” or “Financial Conduct Authority”	the Financial Conduct Authority;
“finnCap Ltd” or “finnCap”	finnCap Ltd, the nominated adviser and broker to CyanConnode for the purposes of the AIM Rules;
“First Admission”	admission of the First Fundraising Shares to trading on AIM becoming effective in accordance with the AIM Rules;
“First Fundraising Shares”	Those 4,460,000 Placing Shares and 8,140,000 Subscriptions to be issued by the Company to Shareholders seeking to claim EIS/VCT relief, and up to 5,142,961 Open Offer Shares;
“First Placing”	the conditional placing of certain of the First Fundraising Shares pursuant to, amongst other things, the terms and conditions set out in the Placing Agreement;
“Form of Proxy”	the form of proxy accompanying this document for use by Shareholders in connection with the GM;
“FSMA”	the Financial Services and Markets Act 2000;
“Fundraising”	together, the Placing, the Subscription and the Open Offer;



“Fundraising Resolutions”	together, the resolutions to grant the Directors authority to allot the Fundraising Shares and the related disapplication of statutory pre-emption rights, to be proposed at the General Meeting and set out in the Notice as the resolutions numbered 1 and 3;
“Fundraising Shares”	together, the 39,787,391 Placing Shares, the 10,665,000 Subscription Shares and up to 5,142,961 Open Offer Shares;
“GM” or “General Meeting”	the General Meeting of CyanConnode to be held at the Company’s registered office, Merlin Place, Milton Road, Cambridge, CB4 0DP at 2.00 p.m. on 5 November 2018, notice of which is set out in Part 5 of this document;
“HMRC”	Her Majesty’s Revenue & Customs;
“Issue Price”	10 pence per Ordinary Share;
“London Stock Exchange”	London Stock Exchange plc;
“Money Laundering Regulations”	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692);
“Notice”	the notice of GM which is set out in Part 5 of this document;
“Open Offer”	the conditional invitation made by the Company to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this Circular and, in the case of Qualifying Non-CREST Shareholders, in the Application Form;
“Open Offer Entitlement”	the <i>pro rata</i> entitlement of a Qualifying Shareholder, pursuant to the Open Offer, to apply to subscribe for 1 Open Offer Shares for every 25 Existing Ordinary Shares registered in their name as at the Record Date;
“Open Offer Shares”	up to 5,142,961 new Ordinary Shares to be issued by the Company pursuant to the Open Offer subject, <i>inter alia</i> , to the passing of the Fundraising Resolutions;
“Ordinary Shares”	the ordinary shares of £0.02 each in the capital of the Company;
“Overseas Shareholders”	Shareholders with registered addresses in, or who are citizens, residents or nationals of, jurisdictions outside the UK;
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
“Placing Agreement”	the conditional placing agreement dated 19 October 2018 between finnCap, Arden and the Company, highlights of which are set out in the letter from the Chairman;
“Placing”	the proposed placing by finnCap and Arden, as joint agents for the Company, of the Placing Shares at the Issue Price on the terms of the Placing Agreement;
“Placing Shares”	39,787,391 Ordinary Shares to be issued pursuant to the Placing;
“Prospectus Rules”	the Prospectus Rules made by the UK Listing Authority;

“Qualifying CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares which, on the register of members of the Company on the Record Date, are in uncertificated form;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares which, on the register of members of the Company on the Record Date, are in certificated form;
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date with the exclusion (subject to exemptions) of persons with a registered address or located or resident in a Restricted Jurisdiction;
“Record Date”	the record date for the Open Offer, being 6.00 p.m. on 18 October 2018;
“Receiving Agent”	Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR;
“Registrars”	Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR;
“Resolutions”	the resolutions to be proposed at the GM, as set out in the Notice;
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure for the Company if information or documentation concerning the Fundraising is sent or made available to Shareholders in that jurisdiction including, without limitation, the United States, Canada, Australia, the Republic of South Africa and Japan;
“Second Admission”	admission of the Second Fundraising Shares to trading on AIM becoming effective in accordance with the AIM Rules;
“Second Fundraising Shares”	the 35,327,391 Placing Shares and 2,525,000 Subscription Shares;
“Second Placing”	the conditional placing of the Second Fundraising Shares pursuant to, amongst other things, the terms and conditions set out in the Placing Agreement;
“Securities Act”	the US Securities Act of 1933, as amended from time to time and the rules and regulations promulgated thereunder;
“Shareholders”	holders of Existing Ordinary Shares in CyanConnode at the date of this document;
“Share Option Scheme”	the CyanConnode Holdings plc Enterprise Management Incentive Scheme;
“Subscribers”	investors investing in the Fundraising under the Subscription;
“Subscription”	the subscription for Subscription Shares by the Subscribers at the Issue Price pursuant to the Subscription Agreements;
“Subscription Agreements”	the share subscription agreements between the Subscribers and the Company;
“Subscription Shares”	10,665,000 Ordinary Shares to be issued to the Subscribers pursuant to the Subscription;
“UK” or “the United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;

“uncertificated form”	recorded on the relevant register of other record of the share or other security confirmed as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by way of CREST;
“United States”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
“USE”	unmatched stock event; and
“VCT”	a company which is, or which is seeking to become, approved as a venture capital trust under the provisions of Part 6 of the Income Tax Act 2007.

## PART 1

### LETTER FROM THE CHAIRMAN

# CyanConnode Holdings plc

(Incorporated and registered in England and Wales with registered no. 04554942)  
Registered office: Merlin Place, Milton Road, Cambridge, CB4 0DP

#### Directors:

John James Cronin, *Executive Chairman*  
Harry James Berry, *Chief Operating Officer*  
Heather Marie Peacock, *Group Finance Director*  
Peter Ronald Hutton, *Non-Executive Director*  
Paul Graham Ratcliff, *Non-Executive Director*  
William David Johns-Powell, *Non-Executive Director*

19 October 2018

*To all Shareholders and, for information only, holders of options under the Share Option Scheme*

Dear Shareholder,

**Proposed Placing of 39,787,391 Ordinary Shares, Subscription of 10,665,000 Ordinary Shares and Open Offer of up to 5,142,961 Ordinary Shares at 10 pence per Ordinary Share to raise up to £5.6 million**  
**and**  
**Notice of General Meeting**

## 1 Introduction

The Company has announced today that it is proposing to raise £5.6 million (before the deduction of fees and expenses) through the issue of 39,787,391 Placing Shares and 10,665,000 Subscription Shares at 10 pence per Ordinary Share. In addition, the Company is proposing to raise up to a further £0.5 million (before the deduction of fees and expenses) through an Open Offer and the issue of up to 5,142,961 Open Offer Shares at 10 pence per Ordinary Share.

The Fundraising is conditional, *inter alia*, on:

- the passing of the Fundraising Resolutions at the General Meeting;
- in respect of the First Fundraising Shares, First Admission becoming effective by no later than 8.00 a.m. on 6 November 2018 (or such other time and/or date, being no later than 8.00 a.m. on 12 December 2018, as the Company, finnCap and Arden may agree);
- in respect of the Second Fundraising Shares, Second Admission becoming effective by no later than 8.00 a.m. on 7 November 2018 (or such other time and/or date, being no later than 8.00 a.m. on 12 December 2018, as the Company, finnCap and Arden may agree); and
- in respect of the Placing Shares, the Placing Agreement between the Company, finnCap and Arden becoming unconditional and not being terminated in accordance with its terms.

It is expected that the First Fundraising Shares will be admitted to trading on AIM on or around 8.00 a.m. on 6 November 2018 and that the Second Fundraising Shares will be admitted to trading on AIM on or around 8.00 a.m. on 7 November 2018.

The Issue Price represents a discount of 18.4 per cent. to the closing price of 12.25 pence on 18 October 2018, being the last Business Day prior to the publication of the announcement of the Fundraising.

The Board believes that raising equity finance by way of the Fundraising is the most appropriate method of financing for the Company at this time. This allows certain existing and new investors to participate in the Placing and Subscription whilst also providing the Company's loyal and supportive Shareholders with an opportunity to participate in the Open Offer in recognition of their continued support to the Company. The Board believes that the potential value creation for the benefit of Shareholders arising from the Fundraising outweighs its dilutive effects.

**The purpose of this document is to set out the reasons for, and provide further information on, the Fundraising, as well as to explain why the Board considers the Fundraising 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 intend to do so in respect of their own beneficial holdings of 13,629,425 Ordinary Shares, in aggregate representing approximately 10.60 per cent. of the Existing Ordinary Shares on 18 October 2018 (being the last Business Day prior to publication of this document).**

**At the end of this document you will find the Notice convening the General Meeting at which the Resolutions will be proposed by the Directors. The General Meeting has been convened for 2.00 p.m. on 5 November 2018 and will take place at the Company's registered office, Merlin Place, Milton Road, Cambridge, CB4 0DP.**

## **2 Background to and reasons for the Fundraising**

On 11 September 2018, the Company announced its interim results for the six months ended 30 June 2018 and the Directors highlighted a need to raise additional funding during 2018. At the same time the Company provided an update on trading across the CyanConnode Group.

During the first six months of 2018, CyanConnode improved its delivery processes which enabled it to achieve record first half revenue of £1,637,008. The key contributors to the revenue growth were achieved from existing customer contracts in India, the Nordics and the UK. The Company has also reduced its cash cost base to approximately £560,000 with effect from January 2019.

In June 2018 CyanConnode officially launched Omnimesh, its IPv6 based technology that is designed to support global communication standards including Advanced Metering Infrastructure (AMI) for the smart metering market. The launch of Omnimesh also signified the end of expenditure on a major software development programme, which has helped to significantly reduce the operating loss for the period. Prior to the end of June 2018 it had received orders to the value of \$4.3 million for this platform (\$3.2 million received in 2018). A further \$14.5 million of orders for this platform were announced in September 2018. The product has been positively received by the Indian market and the Company expects further large orders for the platform to be won.

### **India**

The Minister of Power and New and Renewable Energy, R K Singh announced on 7 June 2018 that "in the next three years metering will go smart prepaid and gone will be the days of bills reaching your house. So need of the hour is to scale up manufacturing of smart prepaid meters and to bring down their prices". As a result of this shift, R K Singh has urged smart meter manufacturers to increase their production. This would result in an estimated total installation across the Indian market of at least 220 million smart prepaid meters in three years. The Board believes this will therefore lead to all traditional meters being replaced by smart prepaid meters in the next three years.

With smart metering being a key focus of the Government, standards for metering, communication network and AMI systems have been developed by The Ministry of Power, through institutions such as National Smart Grid Mission and Bureau of Indian Standards ("BIS").

CyanConnode's new Omnimesh technology fulfils AMI requirements and leading meter manufacturers, such as Genus, Larsen & Toubro ("L&T") and HPL have integrated the Company's technology into their BIS compliant smart meters, enabling rapid deployment. Furthermore, CyanConnode's technology is already integrated into a significant number of smart meter deployments in India and its deployment at the Chamundeshwari Electricity Supply Corporation ("CESC") project in Mysore is being showcased by Government Ministers as a model site.

Utilities are issuing large *'Requests for Proposals'* for smart metering solutions including CyanConnode's technology and the Company is currently working on a sales pipeline of qualified opportunities of over \$100 million in India alone. The recent orders from L&T and Genus, having a total value of \$17.7 million, and utilising CyanConnode's narrowband RF mesh network technology, indicate that the scale of deployments is gaining momentum.

### ***Rest of World***

During the first six months of 2018, the Company's contracts in Bangladesh and Iran were progressing through the different stages of the Site Acceptance Testing ("SAT") process with its key partners. CyanConnode's technology is delivered in a phased approach and each stage of the SAT requires the Company's partner and/or customer to determine whether their requirements have been met.

In addition to the above orders currently held by the Company, it has a large pipeline of opportunities in territories such as Indonesia, Philippines, Thailand and Ghana that it is working on with partners. These opportunities are at various stages of completion.

### ***United Kingdom***

A close collaborative partnership between CyanConnode, Telefónica and Toshiba resulted in a solution for second generation smart meters ("SMETS2"). Telefónica, (appointed as the preferred SMIP communications service provider for two thirds of the UK), promoted CyanConnode's narrowband RF mesh network technology to extend the reach of its existing mobile (cellular) network, into locations where cellular signal was not available ('Not-Spots').

Embedding CyanConnode's Technology into the Toshiba SMETS2 Telefónica Communications Hub has enabled smart meters to be located in 'Not-Spots'. Anthony Shaw, Telefónica UK Smart Metering Director said, "CyanConnode is one of the very few suppliers globally that has the experience and leading-edge technology to support Smart Meter deployment in areas where there is no cellular coverage."

In June 2018, Secretary of State for Business, Energy and Industrial Strategy ("BEIS"), Greg Clark, announced that 1,000 SMETS2 devices had been installed and that the figure was a "significant milestone because it represents the beginning of the roll-out of the next generation of meters".

CyanConnode's contract is with Toshiba for its SMETS2 Telefónica Communications Hub and consists of software license and support fees. The Toshiba contract was originally calculated to deliver £24m of revenue based on the assumption that 10 per cent. of SMETS2 meters would be located in 'Not-Spots'. However, Energy Suppliers are now finding that dwellings with thick walls, or in blocks of flats, or in areas with poor mobile signal, are contributing to one out of three meters being located in 'Not-Spots'. Consequently, if the percentage of meters located in 'Not Spots' is more than 10 per cent., then CyanConnode's revenue expectations from the contract will increase on a pro-rata basis. CyanConnode understands the roll-out of SMETS2 meters has commenced and expects it to gain momentum in the fourth quarter of 2018.

### ***Financial Position and Current Trading***

The Company's unaudited interim results to 30 June 2018 highlighted the need for additional funding. The Company reported half year revenues of £1.6 million (more than the Company made in the entirety of the 2017 financial year). Nevertheless the Company recorded a loss for the six month period of £3.1 million. Cash reduced by operations was £4.1 million, resulting in net cash outflow from operating activities in H1 2018 of £2.7 million, after £1.3 million of income taxes received from HMRC for R&D tax credits. Cash received from customers during H1 2018 was £0.9 million. Cash and cash equivalents (unaudited) at 30 September 2018 was £1.3 million, and as previously notified, the Company is forecasting a monthly cash cost base from 1 January 2019 onwards in the region of £560k.

The full year out turn as ever remains subject to the quantum, margins and timing of product and services revenues. The Company has achieved unaudited revenue for the nine month period to 30 September 2018 of £2.1 million. The Board considers that the Company remains on track to deliver full year market expectations, based on the Board's expectations of a very strong financial performance in Q4. In order to

deliver a full year in line with market expectations the Company will need to convert a number of identified sales opportunities in to orders, and in addition convert these new orders, and a number of existing orders, in to revenue by way of the delivery of products and services; specifically this would be expected to include:

- c.£700k of forecast revenue, as notified on 18 September 2018, relating to an order for Omnimesh by an Indian customer; and
- a high margin license sale opportunity expected late in 2018, as notified on 11 September 2018.

As highlighted by the Company previously, certain markets that the Company trades in have an inherent level of uncertainty associated with them and this may result in the predicted level of sales not being achieved, and/or the timing of orders being delayed, as has been the case for the Company in the past. The Directors have taken reasonable steps to satisfy themselves about the robustness of sales forecasts but acknowledge that the timing of customer orders in the Company's target markets can take longer than expected.

The Board believes that the Fundraising will provide CyanConnode with sufficient resources to achieve cash flow break-even based upon current expectations.

#### *Use of Proceeds*

The net proceeds of the Fundraising will be used as follows:

- Research and Development project expenditure (updates, refresh, additional features and functionality, upgrades)
- Delivery and execution of orders – procurement of components and manufacturing to secure best terms with suppliers and best margins on products
- Sales and marketing and business development activities in new territories
- Integration with new meter manufacturers to expand footprint
- Project support in existing and new territories
- Expansion to the team in India
- Ongoing working capital

#### *Director change*

Peter Hutton, Non-Executive Director, has indicated to the Board his wish to resign as a Director, due to other work commitments, shortly after completion of the Fundraising. The Company is commencing a process to identify a suitable replacement Non-Executive Director and a further announcement will be made in due course.

## **Details of the Placing**

### **Summary**

The Placing Shares represent up to 21.6 per cent. of the Enlarged Share Capital, and are proposed to be issued at a price of 10 pence per Placing Share. finnCap and Arden have conditionally agreed to use reasonable endeavours to place all of the Placing Shares pursuant to the Placing Agreement.

### **Conditions**

In connection with the Placing, the Company has entered into the Placing Agreement with finnCap and Arden, pursuant to which finnCap and Arden have agreed to use their reasonable endeavours, as joint agents on behalf of the Company, to conditionally place the Placing Shares with certain new and existing investors at the Issue Price. The Placing is conditional, *inter alia*, on:

- the passing of Resolutions 1 and 3 at the General Meeting;
- the conditions in the Placing Agreement being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to each of First Admission and Second Admission;



- as regards the First Placing, First Admission becoming effective by no later than 8.00 a.m. on 6 November 2018 (or such later time and/or date, being no later than 8.00 a.m. on 12 December 2018, as the Company, finnCap and Arden may agree); and
- as regards the Second Placing, Second Admission becoming effective by no later than 8.00 a.m. on 7 November 2018 (or such later time and/or date, being no later than 8.00 a.m. on 12 December 2018, as the Company, finnCap and Arden may agree).

Accordingly, if any of these conditions are not satisfied or, if applicable, waived, the First Placing and/or the Second Placing will not proceed. Shareholders should note that it is possible that First Admission occurs but Second Admission does not, should any relevant condition of the Placing Agreement fail to be met between First Admission and Second Admission.

### **Terms of the Placing Agreement**

The Placing Agreement provides for payment by the Company to finnCap and Arden of certain fees and commissions. In addition, finnCap will, conditional on the Resolutions being passed, receive the Corporate Finance Warrants.

The Placing Agreement contains customary warranties given by the Company to finnCap and Arden in relation to, *inter alia*, the accuracy of the information in this document, certain financial information and other matters relating to the Company and its business. The Company has also agreed to indemnify finnCap, Arden and their respective affiliates in respect of certain liabilities that finnCap, Arden and their respective affiliates may incur in connection with the Placing. Further, the Company has provided a number of customary undertakings to finnCap and Arden in respect of the period prior to Admission and for a time thereafter.

finnCap and Arden, having consulted with the Company to the extent practicable, but in either finnCap or Arden's absolute discretion, are entitled to terminate the Placing Agreement in certain customary circumstances prior to Admission, including:

- where any statement contained in the Placing Documents (as such term is defined in the Placing Agreement) or any of the warranties given by the Company to finnCap and Arden are found not to be true or accurate or were misleading and which in any such case is material in the context of the Placing;
- the occurrence of certain force majeure events or a material adverse change in (amongst other things) national or international financial or political conditions (which in the opinion of finnCap and Arden, is material in the context of the Placing); or
- the failure of the Company to comply with any of its obligations under the Placing Agreement.

If this right is exercised, the Placing (or, if exercised after First Admission, the Second Placing) will not proceed.

The Placing Agreement is not subject to any right of termination after Second Admission.

## **3 Details of the Subscription**

### **Summary**

The Subscription Shares represent up to 5.8 per cent. of the Enlarged Share Capital, and are proposed to be issued at a price of 10 pence per Subscription Share.

### **Conditions**

In connection with the Subscription, the Company has entered into the Subscription Agreements with Subscribers. The Subscription is conditional, *inter alia*, on:

- the passing of Resolutions 1 and 3 at the General Meeting; and
- admission of the Subscription Shares to trading on AIM becoming effective by no later than 8.00 a.m. on 6 November 2018 (in respect of those Subscription Shares to be issued on First Admission) or 8.00 a.m. on 7 November 2018 (in respect of those Subscription Shares to be issued on Second Admission) (or such later time and/or date, being no later than 8.00 a.m. on 12 December 2018, as the Company and the Subscribers may agree).

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



## **Related Party Transactions**

John Cronin, Heather Peacock, Harry Berry and Anil Daulani

John Cronin and Harry Berry are participating in the Placing, subscribing £100,000 and £20,000 for Placing Shares respectively. Heather Peacock is participating in the Subscription, subscribing £10,000 for Subscription Shares. Anil Daulani intends to participate in the Subscription, subscribing for £100,000 Subscription Shares. Their participation in the Fundraising, by virtue of being directors of the Company (or of a subsidiary undertaking as in the case of Anil Daulani), is a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. The Independent Directors, being Peter Hutton and Paul Ratcliff, having consulted with finnCap, the Company's Nominated Adviser, consider that John Cronin, Heather Peacock, Harry Berry and Anil Daulani's participation in the Fundraising is fair and reasonable insofar as the Company's shareholders are concerned.

David Johns-Powell

On 15 September 2017 the Company entered into a subscription agreement (the "**DJP Subscription Agreement**") pursuant to which David Johns-Powell agreed, amongst other things, to subscribe £1.8 million for new Ordinary Shares at 28 pence per Ordinary Share. Of this subscription £500,000, being 1,785,714 Ordinary Shares (the "**DJP Subscription Shares**"), was agreed to take place on or around 6 April 2018 in order that the DJP Subscription Shares would benefit from EIS Relief in the new tax year.

On 10 April 2018, the Company announced that it had not received EIS advanced assurance from HMRC and accordingly the DJP Subscription Shares had not been admitted to trading and the Company had not received the £500,000 pursuant to the DJP Subscription Agreement. On 12 April 2018, the Company and David Johns-Powell both signed a letter (the "**Addendum**") agreeing that the remaining obligations of the DJP Subscription Agreement, namely the requirement for David Johns-Powell to subscribe for the DJP Subscription Shares, would be deferred until a later date during the 2018/19 tax year provided the Company can confirm that it is a qualifying company for the purposes of EIS.

Subsequent to the Addendum, David Johns-Powell was appointed as a director of the Company on 25 July 2018. The Company received advanced assurance from HMRC that new Ordinary Shares would benefit from EIS relief on 10 October 2018 and as a result Mr Johns-Powell will now benefit from EIS relief should he subscribe for Ordinary Shares.

David Johns-Powell has now agreed to subscribe for £650,000 Subscription Shares pursuant to the Subscription, as part of the Fundraising, on the same terms as the other Subscribers, namely at an issue price of 10 pence per Subscription Share. As a consequence, the Company has agreed to cancel his obligations under the DJP Subscription Agreement and Addendum, subject to Second Admission. Mr Johns-Powell also intends to irrevocably commit to applying for £100,000 of Open Offer Shares (full allocation of which will be dependent upon the level of applications in the Open Offer, and therefore may be subject to scale back), bringing his total intended participation in the Fundraising to £750,000; should the Open Offer be oversubscribed and Mr Johns-Powell's Open Offer application be scaled back, he intends to irrevocably invest any shortfall via subscription directly with the Company at 10 pence per Ordinary Share, within 5 working days of the Second Admission.

His participation in the Fundraising and the cancellation of the DJP Subscription Agreement and Addendum is, by virtue of Mr Johns-Powell being a director of the Company, a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. The Independent Directors, being all those save for David Johns-Powell, having consulted with finnCap, the Company's Nominated Adviser, consider that Mr Johns-Powell's participation in the Fundraising and the cancellation of the DJP Subscription Agreement and Addendum is fair and reasonable insofar as the Company's shareholders are concerned.

In making such assessment the Independent Directors were conscious of the Company's overall financial requirements and the requirement of a number of placees that the Company raise not less than £5 million pursuant to the Placing and Subscription. The Independent Directors note that whilst Mr Johns-Powell's participation in the Fundraising is at the Issue Price, the amount to be invested is significantly increased from £500,000 to £750,000, taking his total investment in the business to date to £3.75 million. Mr Johns-Powell's participation is material to the Fundraising and without this the Fundraising may not have been possible. In the context of the Company's financial position, which is detailed further at paragraph 2 of this Part 1, the Independent Directors consider that it is preferable to have Mr Johns-Powell's participation in

the Fundraising and not pursue payment for the DJP Subscription Shares at this time than to risk the Fundraising and simultaneously the financial viability of the Company. The Independent Directors note that the overall difference in dilution for existing Shareholders between Mr Johns-Powell subscribing for £500,000 of Subscription Shares at 10p as opposed to the DJP Subscription Shares at 28p is c.1 per cent. of additional dilution (assumes full take up of the Open Offer).

#### **4 Details of the Open Offer**

##### **Summary**

The Company is providing all Qualifying Shareholders with the opportunity to subscribe, at the Issue Price, for an aggregate of 5,142,961 Open Offer Shares, raising gross proceeds of up to £0.5 million.

Subject to fulfilment of the conditions set out below, and in Part 3 of this Circular, the Open Offer provides Qualifying Shareholders with the opportunity to apply to acquire Open Offer Shares at the Issue Price *pro rata* to their holdings of Existing Ordinary Shares as at the Record Date on the following basis (and in proportion for any other number of Existing Ordinary Shares then held):

1 Open Offer Shares

for every

25 Existing Ordinary Shares

Entitlements to apply to acquire Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be disregarded in calculating an Open Offer Entitlement and will be aggregated and made available to Qualifying Shareholders pursuant to the Excess Application Facility.

Details of the terms and conditions of the Open Offer are set out in Part 3 of this Circular, and frequently asked questions relating to the Open Offer are set out in Part 4 of this Circular.

##### **Conditions**

The Open Offer is conditional upon, *inter alia*, the passing of the Fundraising Resolutions and First Admission. If the conditions are not satisfied, the Open Offer will not proceed and any Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies under the Open Offer will be refunded to the applicants, at the applicant's risk either as a cheque by first class post to the address set out on the Application Form or returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest, as soon as practicable thereafter.

##### **Excess Applications**

The Open Offer is structured to allow Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price *pro rata* to their holdings of Existing Ordinary Shares. Qualifying Shareholders may also make applications in excess of their *pro rata* initial entitlement. Any such applications will be granted at the absolute discretion of the Company. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled according to the Directors' discretion to the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility. Applications under the Excess Application Facility may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that any applications under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all.

Qualifying Shareholders should note that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should be aware that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market nor will they be placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

## **Overseas Shareholders**

Certain Overseas Shareholders may not be permitted to subscribe for Open Offer Shares pursuant to the Open Offer and should refer to paragraph 6 of Part 3 of this Circular.

## **CREST instructions**

Application has been made for the Open Offer Entitlements and Excess Open Offer Entitlements for Qualifying CREST Shareholders to be admitted to CREST. It is expected that the Open Offer Entitlements will be admitted to CREST on 22 October 2018. The Excess Open Offer Entitlements will also be enabled for settlement in CREST on 22 October 2018. Applications through the CREST system will only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

## **5 Admission, settlement and dealings**

Application will be made to the London Stock Exchange for the Fundraising Shares, to be admitted to trading on AIM. It is expected that First Admission and commencement of dealings in Open Offer Shares will take place at 8.00 a.m. on 6 November 2018. Further information in respect of settlement and dealings in the Open Offer Shares is set out in paragraph 7 of Part 3 of this Circular.

Upon Second Admission:

- the Subscription Shares will represent approximately 5.8 per cent. of the Enlarged Share Capital; and
- the Placing Shares will represent approximately 21.6 per cent. of the Enlarged Share Capital; and
- the Open Offer Shares will represent approximately 2.8 per cent. of the Enlarged Share Capital.

The Fundraising Shares will represent, in aggregate, approximately 43.2 per cent. of the Company's Existing Ordinary Shares and approximately 30.2 per cent. of the Enlarged Share Capital.

The Fundraising Shares will, upon Admission, rank *pari passu* with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared following Admission. The Fundraising Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

## **6 Taxation**

### **6.1 Introduction**

The following comments do not constitute tax advice and are intended only as a general guide to current UK law and HMRC's published practice as at the date of this document (both of which are subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK tax treatment of Shareholders and are intended to apply only to Shareholders who for UK tax purposes are resident in and, in the case of individuals, domiciled in the UK and to whom "split year" treatment does not apply. The comments apply only to Shareholders who are the absolute beneficial owners of their Ordinary Shares and the dividends payable on them and who hold their Ordinary Shares as investments (and not as securities to be realised in the course of a trade).

The comments below may not apply to certain categories of Shareholder such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation (or who hold their Ordinary Shares through an Individual Savings Account) and Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of any office or employment. Such persons may be subject to special rules.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK are strongly advised to consult their own professional advisers.

### **6.2 UK taxation of chargeable gains**

*Ordinary Shares acquired pursuant to the Open Offer*

As a matter of UK tax law, the acquisition of Open Offer Shares pursuant to the Open Offer may not, strictly speaking, constitute a reorganisation of share capital for the purposes of UK taxation of

chargeable gains. The published practice of HMRC to date has been to treat any subscription of shares by an existing Shareholder which is equal to or less than the Shareholder's minimum entitlement pursuant to the terms of an open offer as a reorganisation under the provisions of section 126 Taxation of Chargeable Gains Act 1992. It is not, however, certain that HMRC will apply this practice in circumstances where an open offer is not made to all Shareholders. HMRC's treatment of the Open Offer cannot therefore be guaranteed and specific confirmation has not been requested in relation to the Open Offer.

To the extent that the acquisition of the Open Offer Shares pursuant to the Open Offer is treated as a reorganisation of the share capital of the Company for the purposes of UK taxation of chargeable gains, the Open Offer Shares issued to a Shareholder will be treated as the same asset as, and as having been acquired at the same time as, the Shareholder's existing holding of Ordinary Shares. The price paid for the Open Offer Shares will be added to the base cost of Shareholder's existing holding of Ordinary Shares for the purpose of calculating any chargeable gain or allowable loss on a subsequent disposal.

To the extent that, under the Excess Application Facility, Open Offer Shares are acquired in excess of the Shareholder's Open Offer Entitlement, the acquisition will not be treated as a reorganisation of the share capital of the Company for the purposes of UK taxation or chargeable gains.

If, or to the extent that, the acquisition of Open Offer Shares under the Open Offer is not regarded as a reorganisation of the share capital of the Company for the purposes of UK taxation of chargeable gains, the Open Offer Shares would generally be treated as having been acquired as part of a separate acquisition of shares, with the price paid for the Open Offer Shares being taken into account as their base cost.

#### *Disposals of Ordinary Shares*

A disposal or deemed disposal of Ordinary Shares by a UK resident Shareholder may, depending on the Shareholder's personal circumstances and subject to any exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

### **6.3 UK taxation of dividends**

#### *Withholding tax*

The Company is not required to withhold UK tax when paying a dividend on the Ordinary Shares.

#### *UK resident individual Shareholders*

Since 6 April 2018, an individual shareholder who is resident for tax purposes in the UK is entitled to an annual tax-free allowance of £2,000 of dividend income (£5,000 for the years ended 5 April 2017 and 2018). To the extent that dividend income exceeds the annual tax free dividend allowance, tax will be imposed at the rates of:

- (a) 7.5 per cent. to the extent falling within the basic rate;
- (b) 32.5 per cent. to the extent falling within the higher rate; and
- (c) 38.1 per cent. to the extent falling within the additional rate.

Shareholders who are in any doubt as to how the new rules for taxation of dividends will affect them are strongly advised to consult their own professional advisers.

#### *UK resident Shareholders within the charge to UK corporation tax*

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of United Kingdom taxation of dividends) and who receive a dividend from a company resident in the UK or a qualifying territory (a jurisdiction with which the UK has a double tax agreement containing a non-discrimination article) will not generally be subject to UK corporation tax on dividends paid by the Company on the Ordinary Shares.

Other Shareholders within the charge to UK corporation tax will not be subject to corporation tax on dividends paid by the Company on the Ordinary Shares so long as the dividends fall within an exempt class and certain conditions are met. Although it is likely that dividends paid by the Company on the Ordinary Shares would qualify for exemption from corporation tax, it should be noted that the

exemption is not comprehensive and is subject to anti avoidance rules. Shareholders should therefore consult their own professional advisers where necessary.

#### 6.4 **UK stamp duty and stamp duty reserve tax**

No UK stamp duty or stamp duty reserve tax will be payable on the issue of Fundraising Shares pursuant to the Open Offer, the Subscription or the Placing.

Provided that the Fundraising Shares are admitted to trading on a recognised growth market (which includes admission to trading on AIM) and are not listed on any market or exchange, transfers of Fundraising Shares will not be subject to UK stamp duty or stamp duty reserve tax. Any agreement to transfer, or the transfer of, Fundraising Shares (or any other Ordinary Shares) at a time when these conditions are not met may, depending on the circumstances, be subject to UK stamp duty or stamp duty reserve tax, generally at the rate of 0.5 per cent. of the consideration given (rounded up to the nearest £5 in the case of stamp duty).

#### 6.5 **EIS/VCT**

On issue, the Fundraising Shares will not be treated as either “listed” or “quoted” securities for relevant tax purposes. Provided that the Company remains one which does not have any of its shares quoted on a recognised stock exchange (which for these purposes does not include AIM), the Fundraising Shares should continue to be treated as unquoted securities.

#### **The following information is based upon the laws and practice currently in force in the UK and may not apply to persons who do not hold their Ordinary Shares as investments.**

The Company has in the past obtained assurance from HMRC that shares in the Company represented a qualifying investment for a VCT and were capable of qualifying for EIS tax reliefs. The Company has applied for advance assurance from HMRC that its shares continue to qualify for VCT and EIS tax reliefs and whilst this assurance has been obtained in respect of EIS, the Company has been informed that as regards VCT relief, HMRC no longer consider VCT advance assurance applications where the details of the potential qualifying holding are not given: the company must have engaged with the VCT and provide draft documents regarding the terms of the proposed investment.

The Directors consider that the Company has not received any investments under the EIS in the 12 months immediately prior to the Fundraising and is considered as a knowledge-intensive company. In November 2017 the government announced that the annual investment limit for knowledge-intensive companies would be increased to £10 million of investment per year (£20 million in total over the lifetime of the Company and its subsidiaries). The Fundraising will however limit funds up to £6.1 million from VCTs, investors seeking EIS reliefs and any other State aid risk capital investors in order not to exceed the remaining headroom that the Company has available to raise through risk capital schemes.

Companies can generally raise up to £5 million under the combined VCT, EIS, SEIS, social investment tax relief or any other State aid risk capital investment in any 12 month period. Increased limits apply to knowledge intensive companies as noted above. Shares issued to a VCT using “protected money” do not count towards the total. “Protected money” is funds raised by VCTs prior to 5 April 2007 or derived from the investment of such money by the VCT.

These details are intended only as a general guide to the current tax position under UK taxation law and are not intended to be exhaustive. Investors who are in any doubt as to their tax position or who are subject to a tax jurisdiction, other than the UK, are strongly advised to consult their professional advisers.

#### **EIS**

The Company intends to operate so that it qualifies for the taxation advantages offered under EIS. The main advantages are as follows:

- (i) Individuals can claim tax relief of 30 per cent. of the amount invested in the Company against their UK income tax liability, (provided they have a sufficient tax liability to cover this amount), thus reducing the effective cost of their investment to 70 pence for each £1 invested. However, there



is an EIS subscription limit of £2,000,000 in each tax year (provided that at least £1 million of this is invested in knowledge intensive companies) and, to retain the relief, the First Fundraising Shares must be held for at least three years.

- (ii) UK investors (individuals or certain trustees) may defer a chargeable gain by investing the amount of the gain in the Company. There is no limit to the level of investment for this purpose and, therefore, to the amount of gain which may be deferred in this way. Note that the deferred gain will come back into charge when the EIS shares are disposed of, or if the Company ceases to qualify as an EIS company within the three year qualifying period.
- (iii) There is no tax on capital gains made upon disposal after the three year qualifying period ("Qualifying Period") of shares in an EIS qualifying company on which income tax relief has been given and not withdrawn.
- (iv) If a loss is made on disposal of the Fundraising Shares at any time, the amount of the loss (after allowing for any income tax relief initially obtained) can be set off against either the individual's gains for the tax year in which the disposal occurs, or, if not so used, against capital gains of a subsequent tax year, or against the individual's income of the tax year of the disposal or of the previous tax year.
- (v) Provided a Shareholder has owned Fundraising Shares in the Company for at least two years and certain conditions are met at the time of transfer, 100 per cent. business property relief will generally be available, which reduces the inheritance tax liability on the transfer of First Fundraising Shares to nil.

The amount of relief an investor may gain from an EIS investment in the Company will depend on the investor's individual circumstances.

Changes to the legislation that came into effect from 18 November 2015 now mean that an individual can only be eligible for EIS relief on the purchase of shares if all shares held by that investor are either risk based shares (that is where the funds raised will be used for the growth and development of a qualifying trade) or subscriber shares.

### **Qualifying Period**

In order to retain the EIS reliefs, an investor must hold their shares for at least three years. A sale or other disposal (other than an inter-spousal gift or a transfer on death) will result in any income tax relief that has been claimed being clawed back by HMRC. Additionally, any capital gains deferred will come back into charge and the capital gains tax exemption will be lost. It is the investor's responsibility to disclose a disposal to HMRC.

Additionally, if the Company ceases to meet certain qualifying conditions within three years from the date of the share issue, the tax reliefs will be lost. The end of the 3 year qualifying period will be shown as the "Termination Date" on the EIS3 certificate which the Company will issue to investors following formal approval of the share issue by HMRC.

### **Advance Assurance of EIS Status**

In order for investors to claim EIS reliefs relating to their shares in the Company, the Company and its subsidiaries have to meet a number of rules, including those regarding their business activities, the amount of money the Company can raise, the risk to capital condition, how and when that money must be employed for the purposes of the business activities, and the age of the Company and its subsidiaries from the date of their first commercial sale. The Company must satisfy HMRC that it and its subsidiaries meet the various requirements and that the Company is therefore a qualifying company.

### **VCT**

The Company has applied for assurance from HMRC that the Fundraising Shares will be 'eligible shares' for the purposes of investment by VCTs. The Company has been informed that HMRC no longer considers VCT advance assurance applications where the details of the potential qualifying holding are not given: the Company must have engaged with the VCT and provide draft documents regarding the terms of the proposed investment.

The status of the Fundraising Shares as a qualifying holding for VCTs will be conditional, *inter alia*, upon the Company continuing to satisfy the relevant requirements. Although the Company currently expects to satisfy the relevant conditions for VCT investment, neither the Directors nor the Company gives any warranty or undertaking that relief will be available in respect of any investment in the First Fundraising Shares pursuant to this document, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status.

As the rules governing EIS and VCT reliefs are complex and interrelated with other legislation, if Shareholders and potential shareholders are in any doubt as to their tax position, require more detailed information than the general outline above, or are subject to tax in a jurisdiction other than the United Kingdom, they should consult their professional adviser.

## 7 Directors' Shareholdings

The beneficial and non-beneficial interests of the Directors in the Existing Ordinary Shares as at the date of this document and following the Fundraising are set out in the table below:

Certain of the Directors have agreed to acquire Fundraising Shares as set out in the table below:

<i>Director</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Share capital</i>	<i>Shares acquired in the Fundraising inc. Open Offer</i>	<i>Resultant Holding</i>	<i>Percentage of Existing Ordinary Share capital</i>
John Cronin	2,413,467	1.88%	1,000,000	3,413,467	1.85%
Harry Berry	624,219	0.49%	200,000	824,219	0.45%
Heather Peacock	178,255	0.14%	100,000	278,255	0.15%
David Johns-Powell	10,083,490	7.84%	7,500,000	17,583,490	9.55%
Peter Hutton	167,259	0.13%	–	167,259	0.09%
Paul Ratcliff	162,734	0.13%	–	162,734	0.09%
<b>TOTAL</b>	<b>13,629,425</b>	<b>10.60%</b>	<b>8,800,000</b>	<b>22,429,425</b>	<b>12.18%</b>

## 8 General Meeting

A notice convening the GM to be held at the Company's registered office, Merlin Place, Milton Road, Cambridge, CB4 0DP at 2.00 p.m. on 5 November 2018 is set out at the end of this document. The Resolutions to be proposed at that meeting are summarised below. Resolutions 1 and 2 are to be passed as ordinary resolutions. This means that for each of Resolutions 1 and 2 to be passed, more than half the votes cast must be in favour of that resolution. Resolutions 3 and 4 are to be proposed as special resolutions. This means that in order for Resolution 3 and 4 to be passed, at least three-quarters of the votes cast must be in favour of those resolutions:

- *Resolution 1 – allotment of the Fundraising Shares,*

Resolution 1 empowers the Directors to allot and issue the Fundraising Shares and the Corporate Finance Warrants.

- *Resolution 2 – allotment of further Ordinary Shares*

Resolution 2 empowers the Directors to allot, or where appropriate, issue Ordinary Shares up to an aggregate nominal amount representing one third of the Enlarged Share Capital (separate from the Fundraising).

- *Resolution 3 – non pre-emptive allotment of the Fundraising Shares*

Resolution 3 empowers the Directors to allot and issue the Fundraising Shares and the Corporate Finance Warrants for cash otherwise than in accordance with the statutory pre-emption provisions set out in the Companies Act.

- *Resolution 4 – non pre-emptive allotment of further Ordinary Shares*

Resolution 4 empowers the Directors to allot and issue Ordinary Shares for cash (separate from the Fundraising) otherwise than in accordance with the statutory pre-emption provisions set out in the Companies Act up to an aggregate nominal amount representing 10 per cent. of the Enlarged Share Capital.

## **9 Action to be taken**

### **General Meeting**

Please check that you have received with this document:

- a Form of Proxy for use in respect of the General Meeting; and
- if you are a Shareholder based in the United Kingdom, 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 thereon as soon as possible, but in any event so as to be received, by post or, during normal business hours only, by hand, to Share Registrars, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, by no later than 2.00 p.m. on 1 November 2018 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).**

**If you hold your shares in the Company in uncertificated form (that is, in CREST) you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of General Meeting set out at the end of this document). Proxies submitted via CREST must be received by the Company's agent (Share Registrars, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR) by no later than 2.00 p.m. on 1 November 2018 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).**

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting in the event of your absence. The completion and return of the Form of Proxy or the use of the CREST Proxy Voting service will not prevent you from attending and voting at the General Meeting, or any adjournment thereof, in person should you wish to do so.

### **Open Offer**

The latest time for application under the Open Offer to be received is 11.00 a.m. on 5 November 2018. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Open Offer Entitlements or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part 3 of this Circular.

If you are a Qualifying Non-CREST Shareholder you will have received an Application Form which gives details of your entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for Open Offer Shares under the Open Offer (whether in respect of your Open Offer Entitlement or both your Open Offer Entitlement and any Excess Open Offer Entitlement), you should complete the accompanying Application Form in accordance with the procedure for application set out in Part 3 of this Circular. Shareholders are advised to return the Application Form using the enclosed reply-paid envelope, which can also be used for return of completed Forms of Proxy.

If you are a Qualifying CREST Shareholder and do not hold any Existing Ordinary Shares in certificated form, no Application Form is enclosed with this Circular and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your entitlement under the Open Offer except (subject to certain conditions) if you are an Overseas Shareholder who has a registered address in, or is a resident in or a citizen of a Restricted Jurisdiction. Applications by Qualifying CREST Shareholders for Excess Open Offer Entitlements in excess of their Open Offer Entitlements should be made in accordance



with the procedures set out in Part 3 of this Circular, unless you are an Overseas Shareholder in which event, applications should be made in accordance with the procedures set out in Part 3 of this Circular. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this Circular and the Open Offer.

If you are in any doubt as to what action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

## **10 Recommendation**

**The Directors believe that the Resolutions to be proposed at the General Meeting are in the best interests of the Company and Shareholders as a whole and unanimously recommend that you vote in favour of the Resolutions. Should the Fundraising (or any part of it) not proceed for any reason, the Company would need to find alternative funding and would face future uncertainty. Each of the Directors intend to vote in favour of the Resolutions in respect of, in aggregate, 13,629,425 Ordinary Shares, representing approximately 10.60 per cent. of the Existing Ordinary Shares in issue on 18 October 2018 (being the last Business Day prior to publication of this Circular).**

Yours faithfully,

**John Cronin**  
*Executive Chairman*

## PART 2

### RISK FACTORS RELATING TO THE CYANCONNODE GROUP

The investment detailed in this Circular may not be suitable for all of its recipients and involves a number of risks. All the information set out in this Circular and, in particular, those risks relating to the Fundraising described below should be carefully considered prior to making an investment decision. Accordingly, prospective investors are advised to consult a professional adviser duly authorised under the FSMA who specialises in advising on investments of the kind described in this Circular. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

In addition to the other relevant information set out in this Circular, the Directors consider that the following risk factors, which are not set out in any particular order of priority, are of particular relevance to the CyanConnode Group's activities and to any investment in the Company. It should be noted that additional risks and uncertainties not presently known to the Directors or which they currently believe to be immaterial, may also have an adverse effect on the CyanConnode Group. If any of the circumstances identified in the risk factors were to materialise, the Company's business, financial condition and operating results could be materially affected and have a materially adverse impact on the value of the CyanConnode Group and should be taken into consideration when assessing the Company.

There can be no certainty that the Company will be able to implement successfully the strategy set out in this Circular. No representation is or can be made as to the future of the CyanConnode Group and there can be no assurance that the CyanConnode Group will achieve its objectives.

This Circular contains forward-looking statements that involve risks and uncertainties. All statements, other than statements of historical facts, contained in this Circular, including statements regarding the CyanConnode Group's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements. Generally, the forward-looking statements in this Circular use words like "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and similar terms. The CyanConnode Group's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the CyanConnode Group which are described in this paragraph and elsewhere in this Circular. Investors are urged to read this entire document carefully before making an investment decision. The forward-looking statements in this Circular are based on the relevant Directors' beliefs and assumptions and information only as of the date of this Circular, and the forward-looking events discussed in this Circular might not occur. Therefore, investors should not place any reliance on any forward-looking statements. Except as required by law or regulation, the Directors undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

It should be noted that the factors listed below are not intended to be exhaustive and do not necessarily comprise all of the risks to which the CyanConnode Group is or may be exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware, which may also have an adverse effect upon the CyanConnode Group.

If any of the risks referred to below crystallise, the CyanConnode Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its Ordinary Shares could decline and investors may lose all or part of their investment. This list should not be considered an exhaustive statement of all potential risks and uncertainties.

## **RISKS RELATING TO THE FUNDRAISING**

### ***Risks relating to the Fundraising Resolutions not being passed***

If the Fundraising Resolutions are not passed, the Company will not be able to proceed with the Fundraising in the form currently envisaged. Resolution 1 to be proposed at the General Meeting will be proposed as an ordinary resolution. In order to be passed, it will require the approval of a simple majority of the Shareholders who (being entitled to do so) vote on such resolution at the General Meeting in person or by proxy. Resolution 3 to be proposed at the General Meeting will be proposed as a special resolution and, to be passed, will require the approval of not less than 75 per cent. of the total voting rights of Shareholders who (being entitled to do so) vote on such resolution at the General Meeting in person or by proxy.

The Fundraising is conditional, *inter alia*, on the passing of the Fundraising Resolutions. In the event that the Fundraising Resolutions are not passed, the Company will not be able to proceed with the Fundraising in the form currently envisaged, with the result that the anticipated net proceeds of the Fundraising will not become available to fund proposed upcoming expenditure and achieve the objectives currently pursued by the Board.

The CyanConnode Group would in such circumstances, need to seek alternative equity and/or debt financing on whatever terms are available to it, which may result in greater dilution of the Existing Ordinary Shares and/or in the Company and the CyanConnode Group incurring significant indebtedness. Such equity or debt financing may not be made available on terms that are as favourable to the holders of the Existing Ordinary Shares as those envisaged in the Fundraising, or at all. The CyanConnode Group's business plan and growth prospects may be materially adversely affected as a result of an inability to finance business operations, service current debt or obtain alternative financing due to the Fundraising Resolutions not being passed and the Fundraising not proceeding on the terms described in this Circular.

## **RISKS RELATING TO THE CYANCONNODE GROUP'S BUSINESS**

### ***Funding***

CyanConnode has a history of losses, and anticipates continued losses, which would lead to negative operating cash flow in future periods, and CyanConnode may not achieve or sustain profitability in the near term. The CyanConnode Group's ability to continue as a going concern is subject to significant risks and uncertainty. The CyanConnode Group may not be able to secure additional financing on favourable terms, or at all, to meet future capital needs. There can be no assurance that the CyanConnode Group will meet its funding requirements or that the opportunities being explored will convert into orders and a meaningful revenue stream, or that Shareholder value will be created.

An investment in the Company should be regarded as speculative and should be considered long-term in nature and as suitable only for sophisticated investors who understand the risks involved, including the risk of a total loss of capital. Any investor in the Company must have no need for any liquidity with respect to this investment and must be able to withstand a total loss of his investment.

### ***Growth strategy***

The market for CyanConnode's products and services, and smart grid and smart lighting technology generally, is still developing. If the market develops less extensively or more slowly than expected, this could materially adversely affect the CyanConnode Group's financial condition, operating results and prospects.

The CyanConnode Group's future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve its operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with growth could have a material adverse effect on the CyanConnode Group's business, financial condition and results of operations.

### **People**

As with many technology businesses, the CyanConnode Group is dependent on a relatively small number of highly skilled staff. The ability of the CyanConnode Group to retain and motivate its key staff is a key business risk. Being a small company there is the added challenge of requiring staff to be skilled across a number of areas, with flexibility and agility to deliver results for customers. The loss of the services of any key personnel could have a material adverse effect on the CyanConnode Group.

### **Exchange rate risk**

The Company and the CyanConnode Group are exposed to several exchange risks. The Company is raising funds in sterling pursuant to the Fundraising. The Company is exposed to translation and transaction risk and risk due to transactions being carried out in currencies other than sterling. Exchange rate fluctuations could adversely affect the Company's profitability or the price competitiveness of its products.

Fluctuations in exchange rates between currencies in which the CyanConnode Group operates may cause fluctuations in its financial results which are not necessarily related to its underlying operations.

### **Cyber risk**

Disruption or penetration of the Company's information technology platforms could have a material adverse impact on the CyanConnode Group. The CyanConnode Group monitors its resources, trains its staff and maintains processes aimed to secure data and networks. However a cyber-attack could disrupt the CyanConnode Group's business and harm its reputation, performance and operations.

### **Competitive environment**

The CyanConnode Group operates in a competitive market and the Company is unable to assure investors that future competitors will not emerge, develop and/or introduce new products which will compete with those of the CyanConnode Group on grounds of superior technology, lower price or otherwise. It is uncertain how long a lead time the CyanConnode Group will have with its innovations and how rapidly competition from other suppliers or alternative technologies may develop. Technological change in the sector within which the CyanConnode Group operates may be particularly rapid and issue-driven, and render the CyanConnode Group's products less competitive or even obsolete.

The CyanConnode Group's products compete for technological superiority over those of competitors. There is a risk that new product developments by competitors diminish the attractiveness of the CyanConnode Group's products, reducing sales.

### **Macro-economic conditions and political risk**

CyanConnode's sales cycles to its customers and end utilities in emerging markets can be lengthy and unpredictable and require significant employee time and financial resources with no assurances that a prospective customer will select the Company's products and services. Additionally, CyanConnode's sales and profits could be impacted by spending slowdowns and / or increased inflationary pressure in key territories. CyanConnode's future depends upon customers selecting its current or successor products / services.

As a company which is based in the UK which exports to overseas market, CyanConnode faces potential risks associated with the "leave" result of the referendum on the United Kingdom's continued membership of the EU held in June 2016. Whilst talks continue in an effort for the UK to agree a way forward for its exit, the precise implementation process, and timing, for the UK to leave the EU are still to be determined or subject to change, and the economic impact of the decision is not yet clear. The UK may experience political and economic volatility due to leaving the EU or preparations for the same, and trade tariffs may be affected. Continuing political and economic uncertainty and instability could materially and adversely affect the operational, regulatory, currency, insurance and tax regime to which the CyanConnode Group is currently subject. Prolonged uncertainty regarding aspects of the UK economy could damage customers' and investors' confidence. The effect of these risks could be to increase compliance and operating costs for the CyanConnode Group and may also materially affect the CyanConnode Group's tax position or business, results of operations and financial position more generally.

More generally, due to its overseas activity, CyanConnode Group's business could be adversely affected by changes in local and regional economic, political and social conditions or the policies of the relevant government, such as changes in laws and regulations, taxation and imposition of restrictions on currency conversion. In addition, the occurrence of war, public disorder, economic sanctions, terrorism and local or national strikes or labour unrest in any of the overseas locations in which the CyanConnode Group operates may disrupt or permanently prevent the CyanConnode Group from operating in these locations or recovering its investment in whole or in part.

Changes in law and regulation could impose costs on the CyanConnode Group and / or result in the CyanConnode Group's products becoming less economical.

Operating overseas requires the CyanConnode Group to address the requirements and priorities of a variety of markets, which requires the CyanConnode Group to ensure its products are tailored for local considerations as well as addressing global security concerns. Additionally, the CyanConnode Group may be required to obtain a number of approvals, licences and permits to operate its business. There is no assurance that the various national, state and local agencies responsible for granting such licences, approvals and permits will do so or that, once granted, they will not be revoked or their conditions and terms amended to become more onerous on the CyanConnode Group. The absence of, or delays in obtaining, such licences, approvals and permits could delay commencement of or prohibit proposed business operations.

### ***Business continuity***

The CyanConnode Group has developed strong relationships with manufacturers / supplier who are an important part of the CyanConnode Group's ability to generate revenues. CyanConnode does not control certain critical aspects of the manufacture of its products and is dependant on a limited number of contract manufacturers. There is no certainty that the CyanConnode Group will be able to retain its relationships with its existing manufacturers, or to develop new relationships, and thereby to maintain and build its revenues, or that if significant new players emerge in the sectors with which the CyanConnode Group has developed, or wishes to develop, key relationships, or there is a shift in the balance of the market reflected by the various third parties with whom the CyanConnode Group deals, that the CyanConnode Group would be able to create new business relationships of the same standard and on which the CyanConnode Group would be able to rely in order to operate its business in the same way or in accordance with its business plan.

## **RELATING TO THE FUNDRAISING SHARES**

### ***Share price volatility and liquidity***

There can be no assurance that an active or liquid trading market for the Ordinary Shares will be available or maintained. AIM is a market designed primarily for emerging or smaller growing companies which carry a higher than normal financial risk and tend to experience lower levels of liquidity than larger companies.

Accordingly, AIM may not provide the liquidity normally associated with the Official List of the UKLA, or some other stock exchanges. The Ordinary Shares may therefore be difficult to sell compared to the shares of companies listed on the Official List of the UKLA and the share price may be subject to greater fluctuations than might otherwise be the case. The CyanConnode Group is principally aiming to achieve capital growth and, therefore, Ordinary Shares may not be suitable as a short-term investment. Consequently, the share price may be subject to greater fluctuation on small volumes of shares traded, and thus the Ordinary Shares may be difficult to sell at a particular price.

Prospective investors should be aware that the value of an investment in the CyanConnode Group may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the CyanConnode Group.

The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the CyanConnode Group and its operations. These factors include, without limitation, the performance of the Company and the overall stock market, changes in financial estimates by securities analysts; changes in market valuation of similar companies; announcements by the CyanConnode Group of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments; additions or departures of key personnel; any shortfall in revenues or net

income or any increase in losses from levels expected by securities analysts; future issues or sales of Ordinary Shares; and stock market price and volume fluctuations, large purchases or sales of Ordinary Shares by other investors, changes in legislation or regulations and changes in general economic, political or regulatory conditions and other factors which are outside of the control of the Company.

Shareholders may sell some or all of their Fundraising Shares in the future to realise their investment. Sales of substantial amounts of Fundraising Shares following Admission or the perception that such sales could occur, could materially adversely affect the market price of the Ordinary Shares available for sale compared to the demand to buy Ordinary Shares. Such sales may also make it more difficult for the Company to sell equity securities in the future at a time and price that is deemed appropriate. There can be no guarantee that the price of the Ordinary Shares will reflect their actual or potential market value or the underlying value of the CyanConnote Group's net assets and the price of the Ordinary Shares may decline below their current market price.

## PART 3

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

As explained in the letter from the Chairman of CyanConnode set out in Part 1 of this Circular, the Company is proposing to issue 10,665,000 Subscription Shares, 39,787,391 Placing Shares and up to 5,142,961 Open Offer Shares at the Issue Price, to raise, in aggregate, up to £5.6 million before expenses. The Directors believe that such shares are qualifying shares for the purposes of the EIS.

Upon completion of the Open Offer, the Open Offer Shares will represent approximately 2.8 per cent. of the Enlarged Share Capital and together the Fundraising Shares will represent approximately 30.2 per cent. of the Enlarged Share Capital.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is 6.00 p.m. on 18 October 2018.

Application Forms have been posted to Qualifying Non-CREST Shareholders along with this Circular and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST on 22 October 2018.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for further Open Offer Shares. Further details in relation to the Excess Application Facility are set out in paragraph 4.1.4 below and, for Qualifying Non-CREST Shareholders, the Application Form.

The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 5 November 2018 with Admission and commencement of dealings in Open Offer Shares expected to take place following the passing of the Resolutions at the General Meeting to be held on 5 November 2018 at 8.00 a.m. on 6 November 2018.

This Circular and, for Qualifying Non-CREST Shareholders only, the Application Form contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part 3 which gives details of the procedure for application and payment for the Open Offer Shares and any additional shares applied for pursuant to the Excess Application Facility.

The Open Offer Shares will, when issued and fully paid, rank equally in all respects with the Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

The Company is proposing to issue up to 5,142,961 Open Offer Shares at the Issue Price subject to Admission, in respect of valid applications by Qualifying Shareholders. Application will be made to the London Stock Exchange for the Fundraising Shares to be admitted to trading on AIM.

The Open Offer is an opportunity for Qualifying Shareholders to apply for up to 5,142,961 Open Offer Shares at the Issue Price in accordance with the terms of the Open Offer. Qualifying Shareholders are also being offered the opportunity to apply for additional Open Offer Shares in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlements in full.

The Open Offer Shares have not been placed under the Placing or Subscription subject to clawback under the Open Offer nor have they been underwritten. Consequently, there may be fewer than 5,142,961 Open Offer Shares issued pursuant to the Open Offer.

Furthermore, the Company has applied for advance assurance from HMRC that the Ordinary Shares are qualifying shares for the purposes of the EIS and VCT and that the Company is a qualifying company for the purposes of the EIS and VCT. The Company has received such assurance in respect of EIS. The Company has been informed that HMRC no longer considers VCT advance assurance applications where the details of the potential qualifying holding are not given: the Company must have engaged with the VCT and provide draft documents regarding the terms of the proposed investment.



Qualifying Non-CREST Shareholders who intend to claim EIS relief in respect of their investment under the Open Offer should request a Certificate in respect of some or all of their Open Offer Shares by completing 'Box EIS' on the Application Form. Please refer to paragraph 4.1 of this Part 3 for further information.

Qualifying CREST Shareholders who intend to claim EIS relief in respect of their investment under the Open Offer should request a Certificate in respect of some or all of their Open Offer Shares by electing to apply for EIS in respect of such number of Ordinary Shares as they shall specify. Please refer to paragraph 4.2 of this Part 3 for further information.

Neither the Company nor the Directors gives any guarantee that HMRC will authorise the Company to issue such Certificates. Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

Shareholders should note that it is possible that First Admission occurs but Second Admission does not, should any condition of the Placing Agreement be invalidated between First Admission and Second Admission.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Existing Ordinary Shares prior to the ex-entitlement date is advised to consult his/her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchaser(s) under the rules of the London Stock Exchange.

## **2. The Open Offer**

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders are being given the opportunity under the Open Offer to apply for any number of Open Offer Shares at the Issue Price, for an aggregate of 5,142,961 Open Offer Shares, raising gross proceeds of £0.5 million. The Issue Price represents a discount of approximately 18.4 per cent. to the closing middle market price of 12.25 pence per Ordinary Share on 18 October 2018 (being the latest practicable date prior to the date of this Circular).

Fractions of Open Offer Shares will not be allotted to Shareholders in the Open Offer and entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box A).

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders, provided they have taken up their Open Offer Entitlement in full, to apply for further Open Offer Shares in excess of their Open Offer Entitlement. Further details in relation to the Excess Application Facility are set out in this Part 3 and, for Qualifying Non-CREST Shareholders, the Application Form. Qualifying CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 4.2 of this Part 3 for information on the relevant CREST procedures and further details on the Excess Application Facility. Qualifying CREST Shareholders can also refer to the CREST Manual for further information on the relevant CREST procedures.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that any applications under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all.

Please refer to paragraphs 4.1.4 and 4.2.10 of this Part 3 for further details of the Excess Application Facility.



Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their respective Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer. Any Open Offer Shares which are not applied for by Qualifying Shareholders under their Open Offer Entitlements will be issued to Qualifying Shareholders who have made an application for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility, with the proceeds retained for the benefit of the Company.

Application will be made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements to be credited to Qualifying CREST Shareholders' CREST accounts. The Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts as soon as possible after 8.00 a.m. on 22 October 2018.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Fundraising Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

The Open Offer Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the other issued Ordinary Shares of the Company. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

### **3. Conditions and further terms of the Open Offer**

The Open Offer is conditional upon, *inter alia*, the approval of the Fundraising Resolutions at the General Meeting, and First Admission becoming effective by not later than 8.00 a.m. on 6 November 2018 (or such later time and/or date as the Company may determine, not being later than 8.00 a.m. on 12 December 2018).

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form by 14 November 2018. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST as soon as possible after 8.00 a.m. on 6 November 2018.

Application will be made for the Open Offer Shares to be admitted to trading on AIM. First Admission is expected to occur by 6 November 2018, when dealings in the Open Offer Shares are expected to begin.

All monies received by the Receiving Agent in respect of Open Offer Shares will be credited to a non-interest bearing account by the Receiving Agent.

If for any reason it becomes necessary to adjust the expected timetable as set out in this Circular, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

### **4. Procedure for application and payment**

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Application Form in respect of your Open Offer Entitlement under the Open Offer or you have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to your CREST stock account.

Qualifying Shareholders who hold all their Existing Ordinary Shares in certificated form have been sent an Application Form with this Circular. The Application Form shows the number of Existing Ordinary Shares held on the Record Date. It will also show Qualifying Shareholders the number of Open Offer Shares available under their Open Offer Entitlement that can be allotted in certificated form. Qualifying Shareholders who hold all their Existing Ordinary Shares in CREST will be allotted Open Offer Shares in CREST. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2 of this Part 3.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST.

CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form, or send a USE message through CREST

#### 4.1 ***If you have an Application Form in respect of your Open Offer Entitlements under the Open Offer***

##### 4.1.1 *General*

Subject as provided in paragraph 6 of this Part 3 in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box A. It also shows the Open Offer Entitlement allocated to them set out in Box B. Entitlements to Open Offer Shares are rounded down to the nearest whole number and fractional Open Offer Entitlements have therefore also been rounded down. Box C shows how much they would need to pay if they wish to take up their Open Offer Entitlements in full. Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying Non-CREST Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that any applications under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all.

Qualifying Non-CREST Shareholders who intend to claim EIS relief in respect of their investment under the Open Offer should request a Certificate in respect of some or all of their Open Offer Shares by completing 'Box EIS' on the Application Form. However, please note that the Company will not be able submit an application to HMRC for authority to issue any Shareholder with a Certificate if that Shareholder fails to indicate that they wish to receive a Certificate in respect of some or all of the Open Offer Shares specified on their Application Form and/or they fail to provide any other information which the Company may reasonably request from them to enable it to submit its application to HMRC. Neither the Company nor the Directors gives any guarantee that HMRC will authorise the Company to issue such Certificates. Shareholders of the Company who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their

own independent financial adviser immediately. For information on EIS relief generally please refer to paragraph of Part 1: "Letter from the Chairman" of this Circular.

The instructions and other terms set out in the Application Form forms part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

#### 4.1.2 *Bona fide market claims*

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 1 November 2018. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his/her holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer, should consult his/her broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box J on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. The Application Form should not, however be forwarded to or transmitted in or into the United States or any Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 4.2.2 below.

#### 4.1.3 *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire Open Offer Shares (whether in respect of all or part of their Open Offer Entitlement or in addition to their Open Offer Entitlement under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it. Qualifying Non-CREST Shareholders may only apply for additional Open Offer Shares under the Excess Application Facility if they have agreed to take up their Open Offer Entitlements in full. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that any applications under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all.

Completed Application Forms should be posted in the accompanying pre-paid envelope or returned by post to the Receiving Agent, Share Registrars Limited or by hand (during normal business hours only) together with a cheque or banker's draft for the full amount payable in respect of the number of Open Offer Shares applied for, so as to be received by the Receiving Agent by no later than 11.00 a.m. on 5 November 2018, after which time Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Non-CREST Shareholders are recommended to allow at least four working days for delivery.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Share Registrars Limited Receiving Agent Account" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared

through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before the conditions of the Fundraising are fulfilled, the application monies will be credited to a non-interest bearing account by the Receiving Agent. If the Subscription, Placing and Open Offer do not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Fundraising.

The Company may at its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 5 November 2018; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 5 November 2018 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form(s) in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Receiving Agent shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agent, finnCap, Arden Partners, or the Company or any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholders.

#### 4.1.4 *The Excess Application Facility*

Provided they choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables a Qualifying Non-CREST Shareholder to apply for Open Offer Shares in excess of their Open Offer Entitlement.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that any applications under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all.

Qualifying Non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Fundraising become unconditional and applications for Open Offer Shares exceed the total number of Open Offer Shares available following take up of Open Offer Entitlements, resulting in a scale back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for excess Open Offer Shares under the Excess Application Facility and from whom payment in full for excess Open Offer Shares has been received will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for but not allocated to the relevant Qualifying Non-CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk either as a cheque by first class post to the address set out on the Application Form or returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest, as soon as practicable thereafter.

#### 4.1.5 *Effect of application*

By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company that he/she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his/her rights, and perform his/her obligations under any contracts resulting therefrom and that he/she is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company that all applications under the Open Offer and contracts resulting therefrom shall be governed by and construed in accordance with the laws of England;
- (iii) confirms to the Company that in making the application he/she is not relying on any information or representation in relation to CyanConnode other than that contained in this Circular, and the applicant accordingly agrees that no person responsible solely or jointly for this Circular or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this Circular, he/she will be deemed to have had notice of all information in relation to CyanConnode contained in this Circular;
- (iv) represents and warrants to the Company that he/she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he/she received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (v) represents and warrants to the Company that if he/she has received some or all of his/her Open Offer Entitlements from a person other than CyanConnode he/she is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) requests that the Open Offer Shares, to which he/she will become entitled be issued to him/her on the terms set out in this Circular and in the Application Form, subject to the memorandum of association and articles of association of the Company;
- (vii) represents and warrants to the Company that he/she is not, nor is he/she applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer



Shares is prevented by law and he/she is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his/her application in the United States or to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he/she is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (viii) represents and warrants to the Company that he/she is not, and nor is he/she applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
- (ix) confirms that in making the application he/she is not relying and has not relied on CyanConnode or any person affiliated with CyanConnode in connection with any investigation of the accuracy of any information contained in this Circular or his/her investment decision.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Receiving Agent, Share Registrars Limited or you can contact the Receiving Agent on 01252 821390 (UK) or +44 1252 821390 (overseas) between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes.

Please note neither the Registrars nor the Receiving Agent can provide advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or give any financial, legal or tax advice.

Qualifying Non-CREST Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.

A Qualifying Non-CREST Shareholder who is also a CREST member may elect to receive the Open Offer Shares to which he/she is entitled in uncertificated form in CREST.

Please see paragraph 4.2.5 below for more information.

## **4.2 If you have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer**

### **4.2.1 General**

Subject as provided in paragraph 6 of this Part 3 in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his/her stock account in CREST of his/her Open Offer Entitlements and Excess CREST Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled according to the Directors' discretion to the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any Open Offer Entitlements have therefore also been rounded down.

Qualifying CREST Shareholders who intend to claim EIS relief in respect of their investment under the Open Offer should request a Certificate in respect of some or all of their Open Offer Shares by electing to apply for EIS in such number as they shall specify. However, please note that the Company will not be able submit an application to HMRC for authority to issue any

Shareholder with a Certificate if that Shareholder fails to populate the 'shared note field' in the USE Instruction and/or they fail to provide any other information which the Company may reasonably request from them to enable it to submit its application to HMRC. Please refer to paragraphs 4.2(d)(x) and 4.2(e)(x) of this Part 3 for further information. Neither the Company nor the Directors gives any guarantee that HMRC will authorise the Company to issue such Certificates. Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately. For information on EIS relief generally please refer to paragraph 6.5 of Part 1: "Letter from the Chairman" of this Circular.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess CREST Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements and/or the Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 8.00 a.m. on 22 October 2018, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess CREST Open Offer Entitlements which should have been credited to his/her stock account in CREST. In these circumstances the expected timetable as set out in this Circular will be adjusted as appropriate and the provisions of this Circular applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to take-up some or all of their entitlements to Open Offer Shares and apply for Excess CREST Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Receiving Agent on telephone number 01252 821390 (UK) or +44 1252 821390 (overseas) between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes.

Please note the Receiving Agent cannot provide financial, legal or tax advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or apply for Excess CREST Open Offer Entitlements. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

#### 4.2.2 *Market claims*

Each of the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlements will generate an appropriate market claim transaction and the Open Offer Entitlements will thereafter be transferred accordingly.

Excess Open Offer Entitlements will not be subject to Euroclear's market claims process. Qualifying CREST Shareholders claiming Excess Open Offer Entitlements by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of entitlements to their CREST account.

#### 4.2.3 *Unmatched Stock Event (“USE”) instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements and their Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an USE instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

#### 4.2.4 *Content of USE instruction in respect of Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is GB00BF7L9478;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA36;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RECEIVE;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 5 November 2018;
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST; and
- (x) the number of Open Offer Shares (if any) for which application is being made for EIS purposes should be specified in the ‘shared note field’ in the USE Instruction preceded with “EIS Open Offer Shares”. If this field is left blank or is un-recognisable then the applicant shall receive Open Offer Shares that are not issued as EIS shares in substitute (subject to the limits under the Excess Application Facility).

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 5 November 2018.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.



CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 5 November 2018 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 6 November 2018 or such later time and date as the Company determines (being no later than 8.00 a.m. on 12 December 2018), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

#### 4.2.5 *Content of USE instruction in respect of Excess CREST Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BF7L9361;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA36;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RECEIVE;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 5 November 2018;
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST; and
- (x) the number of Open Offer Shares (if any) for which application is being made for EIS purposes pursuant to the Excess CREST Open Offer Entitlement should be specified in the 'shared note field' in the USE Instruction preceded with "EIS Open Offer Shares". If this field is left blank or is un-recognisable then the applicant shall receive Open Offer Shares that are not issued as EIS shares in substitute (subject to the limits under the Excess Application Facility).

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 5 November 2018.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 5 November 2018 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 6 November 2018 or such later time and date as the Company determines (being no later than 8.00 a.m. on 12 December 2018), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

#### 4.2.6 *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his/her Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and entitlement to apply under the Excess Application Facility is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up such entitlements prior to 11.00 a.m. on 5 November 2018. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Receiving Agent.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 31 October 2018 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 30 October 2018 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility, as the case may be, prior to 11.00 a.m. on 5 November 2018.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 2 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it/they is/are not in the United States or citizen(s) or resident(s) of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

#### 4.2.7 *Validity of application*

An USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 5 November 2018 will constitute a valid application under the Open Offer.

#### 4.2.8 *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 5 November 2018.

In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

#### 4.2.9 *Incorrect or incomplete applications*

If an USE instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question (without interest).

#### 4.2.10 *The Excess Application Facility*

Provided they choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that any applications under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all.

To apply for excess Open Offer Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlements will be transferred.

Should the Fundraising become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed the total number of Open Offer Shares available following take up of Open Offer Entitlements, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application pursuant to his/her Excess CREST Open Offer Entitlements and from whom payment in full for the excess Open Offer Shares has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable following the completion of the scale back, without payment of interest and at the applicant’s sole risk. Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

#### 4.2.11 *Effect of a valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) represents and warrants that he/she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his/her rights, and perform his/her obligations, under any contracts resulting therefrom and that he/she is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (iii) agrees that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (iv) confirms that in making the application he/she is not relying on any information or representation in relation to CyanConnode other than that contained in this Circular, and the applicant accordingly agrees that no person responsible solely or jointly for this Circular or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this Circular, he/she will be deemed to have had notice of all the information in relation to CyanConnode contained in this Circular;
- (v) represents and warrants that he/she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he/she has received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) represents and warrants that if he/she has received some or all of his/her Open Offer Entitlements from a person other than CyanConnode, he/she is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vii) requests that the Open Offer Shares to which he/she will become entitled be issued to him/her on the terms set out in this Circular, subject to the memorandum of association and articles of association of the Company;
- (viii) represents and warrants that he/she is not, nor is he/she applying on behalf of any Shareholder who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he/she is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his/her application in the United States or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he/she is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (ix) represents and warrants that he/she is not, and nor is he/she applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and

- (x) confirms that in making the application he/she is not relying and has not relied on CyanConnode or any person affiliated with CyanConnode in connection with any investigation of the accuracy of any information contained in this Circular or his/her investment decision.

#### 4.2.12 *Company's discretion as to the rejection and validity of applications*

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 3;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to an USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this paragraph the "first instruction") as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of an USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

#### 4.2.13 *Lapse of the Open Offer*

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 6 November 2018 or such later time and date as the Company determines (being no later than 8.00 a.m. on 12 December 2018), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

## **5. Money laundering regulations**

### **5.1 Holders of Application Forms**

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the "acceptor"), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5 the "relevant Open Offer



Shares”) shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion. If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor’s risk) without interest to the account of the bank or building society on which the relevant cheque or banker’s draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Receiving Agent from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- (ii) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant’s name; or
- (iv) if the aggregate subscription price for the Open Offer Shares is less than €15,000 (approximately £13,000).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- if payment is made by cheque or banker’s draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to “Share Registrars Limited Receiving Agent Account” in respect of an application by a Qualifying Shareholder and crossed “A/C Payee Only”. Third party cheques will not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The account name should be the same as that shown on the Application Form; or
- if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at the address set out on page 4 of this Circular.

To confirm the acceptability of any written assurance referred to above, or in any other case, the acceptor should contact the Receiving Agent. The telephone number of the Receiving Agent is 01252 821390 (UK) or +44 1252 821390 (overseas) between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes.

If the Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (approximately £13,000) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address. If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 5 November 2018, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

## 5.2 **Open Offer Entitlements in CREST**

If you hold your Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of some or all of your Open Offer Entitlements and Excess CREST Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken. Submission of an USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## 6. **Overseas Shareholders**

The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

### 6.1 **General**

The distribution of this Circular and the Application Form and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

No action has been or will be taken by the Company or any other person, to permit a public offering or distribution of this Circular and the Application Form (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.



Receipt of this Circular and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Circular and/or the Application Form must be treated as sent for information purposes only and should not be copied or redistributed.

Application Forms will not be sent to, and Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or a Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction. No person receiving a copy of this Circular and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this Circular and/or the Application Form must be treated as sent for information purposes only and should not be copied or redistributed. It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Neither the Company nor any of its representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this Circular and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this Circular and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company and/or finnCap and Arden Partners determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this Circular and/or an Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part 3 and specifically the contents of this paragraph 6. The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or despatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates for the Open Offer Shares or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to this paragraph 6. Notwithstanding any other provision of this Circular or the relevant Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question. Overseas Shareholders who wish,

and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts or where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST. Due to restrictions under the securities laws of the United States and the Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements. No public offer of Open Offer Shares is being made by virtue of this Circular or the Application Forms into the United States or any Restricted Jurisdiction. Receipt of this Circular and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Circular and/or the Application Form must be treated as sent for information purposes only and should not be copied or redistributed.

## 6.2 **United States**

The Open Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, neither this Circular nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Open Offer Shares in the United States. Subject to certain exceptions, neither this Circular nor an Application Form will be sent to, and no Open Offer Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address for registration of the Open Offer Shares issued upon exercise thereof outside the United States. Subject to certain exceptions, any person who acquires Open Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this Circular or the Application Form and delivery of the Open Offer Shares, that they are not, and that at the time of acquiring the Open Offer Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States. The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of Open Offer Shares, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located in the United States and is not acquiring the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. The Company will not be bound to allot or issue any Open Offer Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any Open Offer Shares may be transferred. In addition, the Company reserves the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the Open Offer Shares. In addition, until 45 days after the commencement of the Open Offer, an offer, sale or transfer of the Open Offer Shares within the United States by a dealer (whether or not participating in the Fundraising) may violate the registration requirements of the Securities Act.

## 6.3 **Restricted Jurisdictions**

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer

Entitlements or Excess CREST Open Offer Entitlements. The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption. No offer of Open Offer Shares is being made by virtue of this Circular or the Application Form into any Restricted Jurisdiction.

#### 6.4 **Other overseas territories**

Application Forms will be sent to Qualifying Non-CREST Shareholders and Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this Circular and the Application Form.

Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares in respect of the Open Offer.

#### 6.5 **Representations and warranties relating to Overseas Shareholders**

##### 6.5.1 *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company and the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within the United States or any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or despatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in the United States or a Restricted Jurisdiction for delivery of the share certificates for the Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this paragraph 6.5.1.

##### 6.5.2 *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part 3 represents and warrants to the Company, finnCap and Arden Partners that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he or she is not within the United States or any Restricted Jurisdiction; (ii) he or she is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) he or she is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as

otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he or she is not acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

#### **6.6 Waiver**

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

### **7. Admission, settlement and dealings**

The result of the Open Offer is expected to be announced on 5 November 2018. Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. Subject to the Fundraising becoming unconditional in all respects, it is expected that First Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 6 November 2018. The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST. Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 5 November 2018 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on 5 November 2018, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from First Admission (expected to be 6 November 2018). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given. Notwithstanding any other provision of this Circular, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST. For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for (including excess Open Offer Shares successfully applied for under the Excess Application Facility) are expected to be despatched by post by 14 November 2018. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non CREST Shareholders are referred to paragraph 4.1 above and their respective Application Form.

### **8. Times and dates**

The Company shall, after consultation with its financial and legal advisers, be entitled to amend the date that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this Circular and in such circumstances make an announcement on a Regulatory Information Service approved by the Board but Qualifying Shareholders may not receive any further written communication.

## **9. Further information**

Your attention is drawn to the further information set out in this Circular and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

## **10. Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this Circular, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this Circular or the Application Form. By taking up Open Offer Shares, whether by way of their Open Offer Entitlement or through the Excess Application Facility (as applicable), in accordance with the instructions set out in this Circular and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.



## PART 4

### QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part 4 are intended to be in general terms only and, as such, you should read Part 3 of this Circular for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is duly authorised under the FSMA if you are in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser. This Part 4 deals with general questions relating to the Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part 3 of this Circular and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part 3 of this Circular for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please call the Receiving Agent on 01252 821390 (UK) or +44 1252 821390 (overseas) between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the Receiving Agent is only able to provide information contained in this Circular and information relating to CyanConnode's register of members and is unable to give advice on the merits of the Open Offer or to provide legal, business, financial, tax or investment advice. The contents of this Circular should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his/her or its own appropriate professional advisers for advice.

#### 1. What is an open offer?

An open offer is a way for companies to raise money. Companies usually do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings. In this particular instance, shareholders will also be offered the opportunity to apply for additional shares in excess of their entitlement to the extent that other Qualifying Shareholders do not take up their entitlements in full. The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the Open Offer.

This Open Offer is an invitation by CyanConnode to Qualifying Shareholders to apply to acquire up to 5,142,961 Open Offer Shares at a price of 10 pence per share. If you hold Existing Ordinary Shares on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States, or a Restricted Jurisdiction, you will be entitled to buy Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Open Offer Shares for every 25 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number. Open Offer Shares are being offered to Qualifying Shareholders at a discount to the share price on 18 October 2018, being the latest practicable date before the date of this Circular. The Issue Price of 10 pence per Open Offer Share represents a discount of approximately 18.4 per cent. to the closing middle market price of 12.25 pence per Ordinary Share as derived from the AIM Appendix to the Daily Official List on 18 October 2018, being the latest practicable date before the date of this Circular.

The Excess Application Facility allows Qualifying Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that any applications under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all.

Unlike in a rights issue, Application Forms are not negotiable documents and neither they nor the Open Offer Entitlements can themselves be traded. Shareholders will not be able to apply for any New Ordinary Shares which are the subject of the Subscription or Placing.

**2. I hold my Existing Ordinary Shares in certificated form. How do I know I am eligible to participate in the Open Offer?**

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address or located in the United States or any Restricted Jurisdiction, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 19 October 2018 (the time when the Existing Ordinary Shares are expected to be marked “ex-entitlement” by the London Stock Exchange).

**3. I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?**

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address and are not located in the United States or any Restricted Jurisdiction, you will be sent an Application Form that shows:

- how many Existing Ordinary Shares you held at the close of business on the Record Date;
- how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- how much you need to pay if you want to take up your right to buy all your entitlement to Open Offer Shares.

Subject to certain exceptions, if you have a registered address in the United States or any of the Restricted Jurisdictions, you will not receive an Application Form.

If you would like to apply for any of or all of the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this Circular. Completed Application Forms should be posted, along with a cheque or banker's draft drawn in the appropriate form, in the accompanying pre-paid envelope or returned by post to the Receiving Agent, Share Registrars Limited or by hand (during normal business hours only) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 5 November 2018, after which time Application Forms will not be valid.

**4. I hold my Existing Ordinary Shares in certificated form and am eligible to receive an Application Form. What are my choices in relation to the Open Offer?**

**(i) If you do not want to take up your Open Offer Entitlement**

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue. You cannot sell your Application Form or your Open Offer Entitlement to anyone else. If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 5 November 2018, the Company has made arrangements under which the Company has agreed to issue the Open Offer Shares to other Qualifying Shareholders under the Excess Application Facility. If you do not take up your Open Offer Entitlement then following the issue of the Open Offer Shares pursuant to the Open Offer, your interest in the Company will be significantly diluted. Even if a Qualifying Shareholder subscribes for the basic entitlement under the Open Offer, their proportionate economic interest would be diluted by the issue of New Ordinary Shares pursuant to the Subscription and Placing.

**(ii) If you want to take up some but not all of your Open Offer Entitlement**

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Boxes D and F of your Application Form; for example, if you are entitled to take up 50 shares but you only want to take up 20 shares, then you



should write '20' in Boxes D and F. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '20') by 10 pence, which is the price of each Open Offer Share (giving you an amount of £2 in this example). You should write this amount in Box G, rounding down to the nearest whole pence and this should be the amount your cheque or banker's draft is made out for. You should then return the completed Application Form (ensuring that all joint holders sign (if applicable), together with a cheque or banker's draft for that amount, in the accompanying pre-paid envelope or return by post to the Receiving Agent, Share Registrars Limited or by hand (during normal business hours only) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 5 November 2018, after which time Application Forms will not be valid. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery. Within the United Kingdom only, you can use the reply-paid envelope which is enclosed with the Application Form.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Share Registrars Limited Receiving Agent Account" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant's name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you at your own risk by no later than 14 November 2018.

(iii) ***If you want to take up all of your Open Offer Entitlement***

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is send the completed Application Form (ensuring that all joint holders sign (if applicable)), together with your cheque or banker's draft for the amount (as indicated in Box C of your Application Form), payable to "Share Registrars Limited Receiving Agent Account" and crossed "A/C payee only", in the accompanying pre-paid envelope or return by post to the Receiving Agent, Share Registrars Limited or by hand (during normal business hours only) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 5 November 2018, after which time Application Forms will not be valid. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery. Within the United Kingdom only, you can use the reply-paid envelope which is enclosed with the Application Form.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Share Registrars Limited Receiving Agent Account" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The account name should be the

same as that shown on the Application Form. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you at your own risk by no later than 14 November 2018.

(iv) ***If you want to apply for more than your Open Offer Entitlement***

Provided you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares under the Excess Application Facility. You should write the number of Open Offer Shares comprised in your Open Offer Entitlement (as indicated in Box B of the Application Form) in Box D and write the number of additional Open Offer Shares for which you would like to apply in Box E. You should then add the totals in Boxes D and E and insert the total number of Open Offer Shares for which you would like to apply in Box F. For example, if you have an Open Offer Entitlement for 50 Open Offer Shares but you want to apply for 70 Open Offer Shares in total, then you should write '50' in Box D, '20' in Box E and '70' in Box F. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '70') by 10 pence, which is the price of each Open Offer Share (giving you an amount of £7 in this example). You should write this amount in Box G, rounding down to the nearest whole pence. You should then return your Application Form (ensuring that all joint holders sign (if applicable) by post to the Receiving Agent, Share Registrars Limited or by hand (during normal business hours only) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 5 November 2018. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery. Within the United Kingdom only, you can use the reply-paid envelope which is enclosed with the Application Form. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that any applications under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Share Registrars Limited Receiving Agent Account" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you at your own risk by no later than 14 November 2018.

**5. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?**

CREST members should follow the instructions set out in Part 3 of this Circular. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of (i) the number of Open Offer Shares which they are entitled to acquire under their Open Offer Entitlement and (ii) how to apply for Open Offer Shares in excess of their Open Offer Entitlements under the Excess Application Facility provided they choose to take up their Open Offer Entitlement in full and should contact them should they not receive this information.

**6. I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?**

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 18 October 2018 and who have converted them to certificated form;
- Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before 18 October 2018 but were not registered as the holders of those shares at the close of business on 18 October 2018; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact the Receiving Agent on 01252 821390 (UK) or +44 1252 821390 (overseas) between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes. For legal reasons, the Receiving Agent will only be able to provide information contained in this Circular and information relating to CyanConnode's register of members and will be unable to give advice on the merits of the Open Offer or to provide financial, tax or investment advice.

**7. Can I trade my Open Offer Entitlement?**

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), the Open Offer Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim. Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their Open Offer Entitlement will have no rights under the Open Offer or receive any proceeds from it.

**8. What if I change my mind?**

If you are a Qualifying Non-CREST Shareholder, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares for which you have applied.

**9. What if the number of Open Offer Shares to which I am entitled is not a whole number; am I entitled to fractions of Open Offer Shares?**

If the number is not a whole number, you will not receive a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

**10. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?**

If you hold shares in CyanConnode directly and you sell some or all of your Existing Ordinary Shares before 18 October 2018, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sell any of your Existing Ordinary Shares on or after 18 October 2018, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

**11. I hold my Existing Ordinary Shares in certificated form. How do I pay?**

Completed Application Forms should be returned with a cheque or banker's draft drawn in the appropriate form. All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Share Registrar Limited Receiving Agent Account" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted.

**12. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?**

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in CyanConnode will be reduced. Your proportionate ownership will be further reduced by the Subscription and Placing.

**13. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?**

You should send your completed Application Form in the accompanying pre-paid envelope or return by post or by hand (during normal business hours only), together with the monies in the appropriate form, to the Receiving Agent, Share Registrars Limited or by hand (during normal business hours only). If you post your Application Form by first class post, you should allow at least four Business Days for delivery. If you do not want to take up or apply for Open Offer Shares then you need take no further action.

**14. I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?**

The Receiving Agent must receive the Application Form by no later than 11.00 a.m. on 5 November 2018, after which time Application Forms will not be valid. If an Application Form is being sent by first class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

**15. How do I transfer my entitlements into the CREST system?**

If you are a Qualifying Non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (contained in the Application Form), and ensure it is delivered to the CREST Courier and Sorting Service in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this.

**16. I hold my Existing Ordinary Shares in certificated form. When will I receive my new share certificate?**

It is expected that all new share certificates will be posted by 14 November 2018.

**17. If I buy Ordinary Shares after the Record Date, will I be eligible to participate in the Open Offer?**

If you bought your Ordinary Shares after the Record Date, you are unlikely to be able to participate in the Open Offer in respect of such Ordinary Shares.

**18. What should I do if I live outside the United Kingdom?**

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located in the United States or any Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part 3 of this Circular.

**19. How do I apply for EIS Eligible Shares?**

Qualifying Non-CREST Shareholders who intend to claim EIS relief in respect of their investment under the Open Offer should refer to paragraph 4.1 of Part 3 “Terms and Conditions of the Open Offer” of this Circular. Qualifying CREST Shareholders who intend to claim EIS relief in respect of their investment under the Open Offer should refer to paragraph 4.2 of Part 3 “Terms and Conditions of the Open Offer” of this Circular.

**20. Further assistance**

Should you require further assistance please call the Receiving Agent on 01252 821390 (UK) or +44 1252 821390 (overseas) between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the Receiving Agent is only able to provide information contained in this Circular and information relating to CyanConnode’s register of members and is unable to give advice on the merits of the Open Offer or to provide legal, business, accounting, tax, investment or other professional advice.

## PART 5

### NOTICE OF GENERAL MEETING

# CyanConnode Holdings plc

*(Incorporated in England and Wales with registered no. 04554942) (the "Company")*

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at its registered office, Merlin Place, Milton Road, Cambridge, CB4 0DP at 2.00 p.m. on 5 November 2018 for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 and 2 will be proposed as ordinary resolutions and resolutions 3 and 4 will be proposed as special resolutions:

### ORDINARY RESOLUTIONS

1. THAT, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers of the Company to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to a maximum aggregate nominal value of £1,129,809.68 in connection with the Fundraising and the Corporate Finance Warrants (as defined in the Circular accompanying this Notice of General Meeting dated 19 October 2018).

This authority shall expire (unless renewed, varied or revoked by the Company in General Meeting) at the conclusion of the next annual General Meeting of the Company to be held in 2019 or if earlier on the date which is 15 months after the date of the passing of this resolution save that the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any securities into shares to be granted after the expiry of such authority and the Directors may allot any shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired. The authority granted by this resolution shall replace all existing authorities to allot any shares or grant rights to subscribe for or convert securities into shares in the Company previously granted to the Directors pursuant to section 551 of the Companies Act 2006 (but without prejudice to the validity of any allotment or grant of rights already made, offered or agreed to be made pursuant to such previous authorities).

2. THAT, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers of the Company to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:
  - a. up to an aggregate maximum nominal amount of £1,233,763.55; and
  - b. allot equity securities (as defined in section 560 of the Companies Act 2006) up to an aggregate nominal amount of £2,467,527.11 (such amount to be reduced by the nominal amount of any shares allotted or rights granted under paragraph (a) of this resolution) in connection with an offer by way of a rights issue to:
    - i. the holders of ordinary shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them; and
    - ii. holders of other equity securities, as required by the rights of those securities or, subject to certain rights, as the directors of the Company may otherwise consider necessary,

and so that the directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange or any other matter.

This authority shall expire (unless renewed, varied or revoked by the Company in General Meeting) at the conclusion of the next annual General Meeting of the Company to be held in 2019 or if earlier on the date which is 15 months after the date of the passing of this resolution save that the Company shall be entitled



to make, prior to the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any securities into shares to be granted after the expiry of such authority and the Directors may allot any shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired. The authority granted by this resolution shall replace all existing authorities to allot any shares or grant rights to subscribe for or convert securities into shares in the Company previously granted to the Directors pursuant to section 551 of the Companies Act 2006 (but without prejudice to the validity of any allotment or grant of rights already made, offered or agreed to be made pursuant to such previous authorities).

### **SPECIAL RESOLUTIONS**

3. THAT, subject to the passing of resolution 1 above, the Directors be and are hereby empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash pursuant to the authority conferred by resolution 1 above, as if section 561 of the Companies Act 2006 did not apply to such allotment.

This power shall expire upon expiry of the general authority conferred by resolution 1 above, save that the Company may, before such expiry, make any offers or agreements which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired. The power conferred by this resolution shall replace all existing authorities to allot equity securities for cash as if section 561 of the Companies Act 2006 did not apply (but without prejudice to the validity of any allotment or grant of rights already made, offered or agreed to be made pursuant to such previous authorities).

4. THAT, subject to the passing of resolution 2 above, the Directors be and are hereby empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash pursuant to the authority conferred by resolution 2 above, as if section 561 of the Companies Act 2006 did not apply to such allotment, provided that this power shall be limited to allotments of equity securities:
- a. in connection with an offer for equity securities (but in the case of an allotment pursuant to the authority granted under resolution 2, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only), where the equity securities respectively attributable to the interests of all Shareholders are proportionate as nearly as may be to the respective number of ordinary shares held or deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange; and
  - b. (otherwise than pursuant to paragraph 4 (a) above) up to an aggregate number of 18,506,453 Ordinary Shares of 2 pence each.

This power shall expire upon expiry of the general authority conferred by resolution 2 above, save that the Company may, before such expiry, make any offers or agreements which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired. The power conferred by this resolution shall replace all existing authorities to allot equity securities for cash as if section 561 of the Companies Act 2006 did not apply (but without prejudice to the validity of any allotment or grant of rights already made, offered or agreed to be made pursuant to such previous authorities).

Dated: 19 October 2018

*Registered office:*

Merlin Place  
Milton Road  
Cambridge  
CB4 0DP

**By Order of the Board**

Heather Peacock  
*Company Secretary*

## Notes

1. A shareholder entitled to attend and vote at the GM may appoint a proxy to attend, speak and vote instead of that shareholder. A proxy need not be a shareholder of the Company but must attend the meeting in person. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share held by the appointing shareholder.
2. To be effective, the relevant proxy form must be completed and lodged with the Company's registrar, Share Registrars Limited, whose address is, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, no later than 48 hours (excluding days that are not a working day) before the meeting together with the original of any power of attorney or other authority under which the form of proxy is signed. Alternatively the completed proxy form may be faxed to Share Registrars on 01252 719232, or scanned and emailed to [voting@shareregistrars.uk.com](mailto:voting@shareregistrars.uk.com). In the case of a corporation, the form of proxy must be executed under its common seal or under the hand of any officer or attorney duly authorised. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy. Completion and return of the relevant proxy form enclosed herewith will not prevent a shareholder from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. Online voting: alternatively, you may register your votes electronically by visiting the website of the Company's registrar. You will need to register in order to be able to use this service. To register, please visit [www.shareregistrars.uk.com](http://www.shareregistrars.uk.com) and click on "Register" under the title Account Log In. If you have already registered, log in and click on "My Meeting Votes".
4. 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 withhold from voting at his/her discretion. Your proxy will vote (or withhold from voting) as he/she thinks fit in relation to any other matter which is put before the meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the GM and any adjournment(s) of the GM 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(s), should refer to their CREST sponsor 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 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 instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Share Registrars Limited (CREST Participant ID: 7RA36), no later than 48 hours (excluding days that are not a working day) 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 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 by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) 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(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) 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 (as amended).

6. 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).
7. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), specifies that only those members registered in the Register of Members of the Company at 2.00 p.m. on 1 November 2018 (or if the GM is adjourned, members entered on the Register of Members of the Company not later than 48 hours (excluding days that are not a working day) before the time fixed for the adjourned GM) shall be entitled to attend, speak and vote at the GM in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the Register of Members of the Company after 2.00 p.m. on 1 November 2018 shall be disregarded in determining the rights of any person to attend, speak or vote at the GM.
8. Except as provided above, members who have general queries about the meeting should write to the Company Secretary at the address of our registered office. You may not use any electronic address provided either in this notice of GM or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

