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**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) ("FSMA") who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should in particular carefully consider the section entitled "Risk Factors" set out in Part II of this document.**

If you have sold or transferred all of your Ordinary Shares on or before the Record Date please forward this document, together with the Application Form, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other party through whom the sale or transfer was effected for transmission to the purchaser or transferee. Such documents should, however, not be forwarded to or transmitted into any jurisdiction outside of the UK if to do so would constitute a violation of the relevant law and/or regulations of such jurisdiction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold or transferred only part of your registered holding of Ordinary Shares on or before the Record Date, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

The maximum amount to be raised under the Open Offer shall be less than €8 million (or an equivalent amount in pounds sterling). The New Shares shall only be available to qualified investors for the purposes of the Prospectus Rules or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Neither the Placing nor the Open Offer constitutes an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Rules made by the Financial Conduct Authority of the United Kingdom ("FCA") pursuant to sections 73A(1) and (4) of FSMA and has not been approved by the FCA, the London Stock Exchange, any securities commission or any other authority or regulatory body nor has it been approved for the purposes of section 21 of FSMA. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.

The Directors, whose names appear on page 6 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the registered office of the Company, Middleton Drive, Bradford On Avon, Wiltshire, United Kingdom, BA15 1GB, from the date of this document to the date of admission of the New Shares.

The Company's Ordinary Shares are currently admitted to trading on the AIM market of the London Stock Exchange ("**AIM**"). Application will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM ("**Admission**"). The New Shares will not be admitted to trading on any other investment exchange. Subject to certain conditions being satisfied, it is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 7 June 2019.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the FCA has examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Shares to the Official List.**

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# AB Dynamics plc

*(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 08393914)*

**Placing of 2,050,000 New Shares at 2,200 pence per share**

**Open Offer of up to 227,500 New Shares at 2,200 pence per share**

**Notice of General Meeting**

*Nominated Adviser*

**Cairn Financial Advisers LLP**

*Sole Bookrunner and Broker*

**Cantor Fitzgerald Europe**

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You are recommended to read the whole of this document but your attention is drawn, in particular, to the letter from the Chairman of the Company explaining the background to, and reasons for, the Transaction which is set out in Part I of this document and to the Risk Factors in Part II of this document which contains a discussion of certain factors that should be considered by Shareholders when considering whether or not to make an investment in the Company.

Cantor Fitzgerald Europe ("Cantor Fitzgerald"), which is authorised and regulated in the United Kingdom by the FCA and is a member of the London Stock Exchange, is the Company's Broker for the purposes of the AIM Rules. Cantor Fitzgerald is acting for the Company in relation to the Transaction and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the contents of this document or any other matter referred to herein. Cantor Fitzgerald's responsibilities as the Company's broker under the AIM Rules for Companies are owed to the London Stock Exchange and not to any other person in respect of their decision to acquire New Shares in reliance on any part of this document.

Cantor Fitzgerald has not authorised the contents of this document for any purpose and no liability whatsoever is accepted by Cantor Fitzgerald nor does it make any representation or warranty, express or implied, as to the accuracy of any information or opinion contained in this document or for the omission of any information. Cantor Fitzgerald expressly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document.

Cairn Financial Advisers LLP (“Cairn”), which is authorised and regulated in the United Kingdom by the FCA and is a member of the London Stock Exchange, is the Company’s Nominated Adviser for the purposes of the AIM Rules for Companies. Cairn is acting with Cantor Fitzgerald for the Company in relation to the Transaction and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the contents of this document or any other matter referred to herein.

Cairn has not authorised the contents of this document for any purpose and no liability whatsoever is accepted by Cairn nor does it make any representation or warranty, express or implied, as to the accuracy of any information or opinion contained in this document or for the omission of any information. Cairn expressly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, New Shares in any jurisdiction in which such offer or solicitation is unlawful, and may not be taken, transmitted, distributed or sent, directly or indirectly, in or into any such jurisdiction. The New Shares have not been and will not be registered under the United States Securities Act of 1933 (the “US Securities Act”) or under the applicable securities laws of any state or other jurisdiction of the United States or any province or territory and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, this document and the Application Form do not constitute an offer of New Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States. Outside the United States, the New Shares are being offered in reliance on Regulation S under the US Securities Act. The New Shares will not qualify for distribution under the applicable securities laws of Canada, Japan, Australia or the Republic of South Africa. Accordingly, unless a relevant exemption from such requirements is available, the New Shares may not, subject to certain exceptions, be offered, sold, taken up, re-sold or delivered, directly or indirectly, into or within the United States, Canada, Japan, Australia, the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations (each, a “Restricted Jurisdiction”). Shareholders who believe that they, or persons on whose behalf they hold Ordinary Shares, are eligible for an exemption from such requirements should refer to paragraph 6 of Part IV of this document to determine whether and how they may participate.

**Overseas Shareholders and any person (including, without limitation, nominees, custodians and trustees) who has a contractual or other legal obligation to forward this document or an Application Form to a jurisdiction outside the UK should read paragraph 6 of Part IV of this document.**

Qualifying non-CREST Shareholders will find an Application Form enclosed with this document. Applications under 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 arising out of the sale or transfer of Ordinary Shares prior to the date on which the relevant Ordinary Shares are marked “ex” the entitlement by the London Stock Exchange. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purposes of calculating entitlements under the Open Offer. The latest time for application and payment in full under the Open Offer is 11.00 a.m. on 5 June 2019 and the procedure for application and payment is set out in Part IV of this document.

The Placing and Open Offer are conditional, *inter alia*, on the passing of Resolution 1 at the General Meeting. The New Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid on or in respect of such Existing Ordinary Shares after Admission.

Notice of the General Meeting of AB Dynamics plc, to be held at 10.00 a.m. on 6 June 2019 at the offices of the Company at Middleton Drive, Bradford on Avon, Wiltshire, BA15 1GB, is set out at the end of this document. A Form of Proxy is enclosed for use by Shareholders in connection with the meeting. To be valid, Forms of Proxy, completed in accordance with the instructions printed thereon, must be received by AB Dynamics plc’s registrars, Share Registrars Ltd at The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, as soon as possible but in any event by no later than 10.00 a.m. on 4 June 2019. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting or any adjournment thereof should they so wish.

Neither the content of any website referred to in this document nor any hyperlinks on such website is incorporated in, or forms part of, this document.

## **FORWARD-LOOKING STATEMENTS**

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

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlements under the Open Offer	Close of business	17 May 2019
Announcement of the proposed Placing and Open Offer	7.00 a.m.	20 May 2019
Ex-entitlement Date of the Open Offer	7.00 a.m.	20 May 2019
Announcement of the result of the Placing		20 May 2019
Publication and posting of this document, the Application Form and Form of Proxy		20 May 2019
Open Offer Entitlements and Excess Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	As soon as possible after 8.00 a.m.	21 May 2019
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements and Excess Entitlements from CREST	4.30 p.m.	30 May 2019
Latest time and date for depositing Open Offer Entitlements and Excess Entitlements into CREST	3.00 p.m.	31 May 2019
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m.	3 June 2019
Latest time and date for receipt of Forms of Proxy	10.00 a.m.	4 June 2019
<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>	<b>11.00 a.m.</b>	<b>5 June 2019</b>
Announcement of result of Open Offer		6 June 2019
<b>General Meeting</b>	10.00 a.m.	6 June 2019
<b>Announcement of the results of the General Meeting</b>		6 June 2019
<b>Admission and commencement of dealings in Placing Shares and Open Offer Shares</b>	8.00 a.m.	7 June 2019
Despatch of definitive share certificates for the New Shares in certificated form		14 June 2019

***If any of the details contained in the timetable above should change, the revised time and dates will be notified to Shareholders by means of a Regulatory Information Service (as defined in the AIM Rules) announcement.***

***In this document, all references to times and dates are to time and dates in London, United Kingdom. The timetable above assumes that Resolution 1 is passed at the General Meeting without adjournment.***

*In order to subscribe for Open Offer Shares under the Open Offer, Qualifying Shareholders will need to follow the procedure set out in Part IV of this document and, where relevant, complete the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or wish to request another Application Form, they should contact Share Registrars Limited on 01252 821390 or, if calling from outside the United Kingdom, on +44 1252 821390, where relevant, quoting the allotment number of their Application Form.*

*If you have questions on how to complete the Form of Proxy, please contact Share Registrars Ltd on 01252 821390 or, if calling from outside the United Kingdom, +44 1252 821390. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays).*

*Calls to the Share Registrars Ltd telephone number from outside the UK are charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Share Registrars Ltd cannot provide advice on the merits of the Transaction and cannot give any financial, legal or tax advice.*

## KEY STATISTICS

Number of Existing Ordinary Shares in issue as at the date of this document	19,679,236
Issue Price for each New Share	2,200 pence

## PLACING STATISTICS

Number of Placing Shares	2,050,000
Gross proceeds from the Placing	£45.1 million
Number of Ordinary Shares in issue immediately following the Placing (excluding any impact from the issue of Open Offer Shares)	21,729,236
Placing Shares as a percentage of the Ordinary Shares in issue immediately following the Placing (excluding any impact from the issue of Open Offer Shares)	9.4 per cent.

## OPEN OFFER STATISTICS

Maximum number of Open Offer Shares to be offered pursuant to the Open Offer*	227,500
Open Offer Shares as a percentage of the Enlarged Share Capital*	1.0 per cent.
Basis of Open Offer	1 New Share for every 86.5021363 Existing Ordinary Shares
Gross proceeds from the Open Offer (assuming full take up of the Open Offer)	£5.0 million

## OVERALL TRANSACTION STATISTICS

Enlarged Share Capital immediately following completion of the Transaction*	21,956,736
New Shares as a percentage of the Enlarged Share Capital*	10.4 per cent.
Estimated gross proceeds of the Transaction*	£50.1 million
Estimated net proceeds of the Transaction*	£48.2 million
Market capitalisation at Issue Price immediately following completion of the Transaction*	£483.0 million
ISIN – Ordinary Shares	GB00B9GQVG73
ISIN – Open Offer Basic Entitlements	GB00BJV3M931
ISIN – Open Offer Excess Entitlements	GB00BJV3MB52

\*assuming full take up of the Open Offer and no further exercise of options under the Option Schemes.

The information above assumes that Resolution 1 is passed at the General Meeting without adjournment.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Anthony Best ( <i>Non-Executive Chairman</i> ) James Routh ( <i>Chief Executive Officer</i> ) Robert Hart ( <i>Chief Financial Officer</i> ) Matthew Hubbard ( <i>Chief Technology Officer</i> ) Graham Eves ( <i>Non-Executive Director</i> ) Richard Hickinbotham ( <i>Non-Executive Director</i> ) Bryan Smart ( <i>Non-Executive Director</i> )
<b>Company Secretary</b>	Robert Hart
<b>Registered Office</b>	Middleton Drive Bradford on Avon Wiltshire BA15 1GB
<b>Nominated Adviser</b>	Cairn Financial Advisers LLP Cheyne House Crown Court 62-63 Cheapside London EC2V 6AX
<b>Sole Bookrunner</b>	Cantor Fitzgerald Europe One Churchill Place London E14 5RB
<b>Auditors</b>	Crowe U.K. LLP St. Bride's House 10 Salisbury Square London EC4Y 8EH
<b>Legal Advisers to the Company</b>	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES
<b>Legal Advisers to the Nominated Adviser and Sole Bookrunner</b>	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
<b>Registrars and Receiving Agent for the Open Offer</b>	Share Registrars Ltd The Courtyard 17 West Street Farnham Surrey GU9 7DR

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>Act</b>	the Companies Act 2006 (as amended)
<b>ADAS</b>	Advanced Driver Assistance Systems
<b>Admission</b>	in respect of the Placing Shares means admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules, and in respect of the Open Offer Shares means admission of the Open Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>AIM</b>	the market of that name operated by the London Stock Exchange
<b>AIM Rules</b>	the AIM Rules for Companies governing the admission to and operation of AIM published by the London Stock Exchange as amended from time to time
<b>Applicant</b>	a Qualifying Shareholder or a person by virtue of a <i>bona fide</i> market claim who lodges an Application Form or relevant CREST instruction under the Open Offer
<b>Application Form</b>	the application form relating to the Open Offer and enclosed with this document for use by Qualifying non-CREST Shareholders
<b>Articles</b>	the articles of association of the Company in force at the date of this document
<b>Basic Entitlement(s)</b>	the <i>pro rata</i> entitlement for Qualifying Shareholders to subscribe for Open Offer Shares, pursuant to the Open Offer as described in Part IV of this document
<b>Board or Directors</b>	the directors of the Company, as at the date of this document, whose names are set out on page 6 of this document, or any duly authorised committee thereof
<b>Cairn or Nominated Adviser</b>	Cairn Financial Advisers LLP, the Company's Nominated Adviser
<b>Cantor Fitzgerald, Sole Bookrunner or Broker</b>	Cantor Fitzgerald Europe, the Company's broker and sole bookrunner in respect of the Transaction
<b>CCSS</b>	the CREST Courier and Sorting Service, established by Euroclear to facilitate, <i>inter alia</i> , the deposit and withdrawal of certificated securities
<b>certificated or in certificated form</b>	in relation to a share or other security, a share or other security that is not in uncertificated form, that is not in CREST
<b>Circular or document</b>	this circular, dated 20 May 2019
<b>Closing Price</b>	the closing middle market quotation of a share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
<b>Company or AB Dynamics</b>	AB Dynamics plc, a company incorporated in England and Wales with company number 08393914 whose registered office is at Middleton Drive, Bradford on Avon, Wiltshire, BA15 1GB

<b>CREST</b>	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear is the Operator (as defined by the CREST Regulations)
<b>CREST Manual</b>	the rules governing the operation of CREST, as published by Euroclear
<b>CREST member</b>	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
<b>CREST participant</b>	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
<b>CREST payment</b>	shall have the meaning given in the CREST Manual issued by Euroclear
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001-No. 3775), as amended
<b>CREST sponsor</b>	a CREST participant admitted to CREST as a CREST sponsor
<b>CREST sponsored member</b>	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
<b>Enlarged Share Capital</b>	the issued Ordinary Share capital of the Company immediately following the issue of the New Shares
<b>EU</b>	the European Union
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>Excess Application Facility</b>	the arrangement pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of the Basic Entitlement in accordance with the terms and conditions of the Open Offer
<b>Excess CREST Open Offer Entitlement</b>	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to the Basic Entitlement credited to the Qualifying CREST Shareholder's account in CREST, pursuant to the Excess Application Facility, which is conditional on the Qualifying CREST Shareholder taking up his Basic Entitlement in full and which may be subject to scaleback in accordance with the provisions of this document
<b>Excess Entitlement(s)</b>	Open Offer Shares in excess of the Basic Entitlement, but not in excess of the total number of Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer as described in Part IV of this document
<b>Excess Shares</b>	the Open Offer Shares for which Qualifying Shareholders may apply under the Excess Application Facility in addition to their Basic Entitlement
<b>Ex-entitlement Date</b>	the date on which the Existing Ordinary Shares are marked 'ex' for entitlement under the Open Offer being 20 May 2019
<b>Existing Ordinary Shares</b>	the 19,679,236 Ordinary Shares in issue as at the date of this document being the entire issued share capital of the Company prior to the Transaction



<b>FCA</b>	the Financial Conduct Authority of the UK
<b>Form of Proxy</b>	the form of proxy which accompanies this document for use in connection with the General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)
<b>General Meeting</b>	the general meeting of the Company, to be held at 10.00 a.m. on 6 June 2019 at the offices of the Company at Middleton Drive, Bradford on Avon, Wiltshire, BA15 1GB
<b>Group</b>	the Company, its subsidiaries and its subsidiary undertakings
<b>ISIN</b>	International Securities Identification Number
<b>Issue Price</b>	2,200 pence per New Share
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Member account ID</b>	the identification code or number attached to any member account in CREST
<b>Money Laundering Regulations</b>	the Anti-Terrorism, Crime and Security Act 2001, the Proceeds of Crime Act 2002 (as amended) and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended)
<b>New Shares</b>	up to 2,277,500 new Ordinary Shares to be issued pursuant to the Transaction (being the Placing Shares and the Open Offer Shares)
<b>North Site</b>	the Company's new 2,846m <sup>2</sup> facility adjacent to its existing main building
<b>Notice of General Meeting</b>	the notice convening the General Meeting set out at the end of this document
<b>OEM</b>	original equipment manufacturer
<b>Official List</b>	the Official List maintained by the FCA
<b>Open Offer</b>	the conditional invitation to Qualifying Shareholders to apply for the Open Offer Shares at the Issue Price on the terms and conditions outlined in this document and, where relevant, in the Application Form
<b>Open Offer Entitlements</b>	entitlements for Qualifying Shareholders to subscribe for Open Offer Shares pursuant to the Basic Entitlement and the Excess Entitlement
<b>Open Offer Shares</b>	up to 227,500 New Shares to be issued pursuant to the Open Offer
<b>Optionholders</b>	the holders of options under the Option Schemes
<b>Option Schemes</b>	the AB Dynamics plc Enterprise Management Investment Share Option Plan, the AB Dynamics plc Unapproved Share Option Plan and the AB Dynamics plc Company Share Option Plan, each dated 11 July 2016
<b>Ordinary Shares</b>	ordinary shares of one penny each in the capital of the Company having the rights and being subject to the restrictions contained in the Articles

<b>Overseas Shareholders</b>	Shareholders with registered addresses, or who are citizens or residents of, or incorporated in Restricted Jurisdictions
<b>Participant ID</b>	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
<b>Placees</b>	any person who has agreed to subscribe for Placing Shares
<b>Placing</b>	the placing by Cantor Fitzgerald, as agent of and on behalf of the Company, of Placing Shares at the Issue Price on the terms and subject to the conditions in the Placing and Open Offer Agreement
<b>Placing and Open Offer Agreement</b>	the conditional agreement dated 20 May 2019 between the Company, Cantor Fitzgerald and Cairn, a summary of which is set out in paragraph 4 of Part V of this document
<b>Placing Shares</b>	the 2,050,000 New Shares to be issued pursuant to the Placing
<b>Prospectus Rules</b>	the Prospectus Rules made in accordance with EU Prospectus Directive (2003/71/EC) in relation to offers of securities to the public and admission of securities to trading on a regulated market
<b>Qualifying CREST Shareholders</b>	Qualifying Shareholders holding Existing Ordinary Shares which, on the register of members of the Company on the Record Date, are in uncertificated form in CREST
<b>Qualifying non-CREST Shareholders</b>	Qualifying Shareholders holding Existing Ordinary Shares which, on the register of members of the Company on the Record Date, are in certificated form
<b>Qualifying Shareholders</b>	holders of Existing Ordinary Shares other than Overseas Shareholders, whose names appear on the register of members of the Company on the Record Date as holders of Existing Ordinary Shares and who are eligible to be offered Open Offer Shares under the Open Offer in accordance with the terms and conditions set out in this document
<b>Receiving Agent</b>	Share Registrars Ltd
<b>Record Date</b>	17 May 2019
<b>Registrar</b>	Share Registrars Ltd
<b>Regulatory Information Service</b>	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list on the website of the London Stock Exchange
<b>R&amp;D</b>	research and development
<b>Resolution</b>	a resolution to be proposed at the General Meeting as set out in the Notice of General Meeting at the end of this document
<b>Restricted Jurisdictions</b>	the United States, Australia, Canada, Japan, the Republic of South Africa and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law
<b>Securities Act</b>	the United States Securities Act of 1933
<b>Shareholders</b>	registered holders of Ordinary Shares
<b>Transaction</b>	together, the Placing and Open Offer

<b>UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>uncertificated or in uncertificated form</b>	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>US Securities Act</b>	United States Securities Act of 1933
<b>USE</b>	unmatched stock event

A reference to £ is to pounds sterling, being the lawful currency of the UK.

A reference to \$ or US\$ is to United States dollars, being the lawful currency of the US.

A reference to € or Euro is to the lawful currency of the Euro area.

## PART I

### LETTER FROM THE CHAIRMAN

# AB Dynamics plc

*(incorporated and registered in England and Wales with registered number 08393914)*

#### *Directors*

Anthony Best (*Non-Executive Chairman*)  
James Routh (*Chief Executive Officer*)  
Robert Hart (*Chief Financial Officer*)  
Matthew Hubbard (*Chief Technology Officer*)  
Graham Eves (*Non-Executive Director*)  
Richard Hickinbotham (*Non-Executive Director*)  
Bryan Smart (*Non-Executive Director*)

#### *Registered Office*

Middleton Drive  
Bradford on Avon  
Wiltshire  
BA15 1GB

20 May 2019

*To Qualifying Shareholders and, for information purposes only, to Optionholders*

Dear Shareholder,

**Placing of 2,050,000 New Shares at 2,200 pence per share**  
**Open Offer of up to 227,500 New Shares at 2,200 pence per share**  
**Notice of General Meeting**

#### **1. Introduction**

On 20 May 2019, the Board announced a conditional Placing of 2,050,000 Placing Shares at 2,200 pence each to raise £45.1 million before expenses.

In addition, in order to provide Shareholders who have not taken part in the Placing with an opportunity to participate in the proposed issue of New Shares, the Company is providing all Qualifying Shareholders with the opportunity to subscribe for an aggregate of up to 227,500 Open Offer Shares, to raise up to £5.0 million (before expenses), on the basis of 1 Open Offer Share for every 86.5021363 Existing Ordinary Shares held on the Record Date, at 2,200 pence per share. Shareholders subscribing for their full entitlement under the Open Offer may also request additional Open Offer Shares through the Excess Application Facility.

Cantor Fitzgerald has conditionally agreed, pursuant to the terms of the Placing and Open Offer Agreement, to use its reasonable endeavours to procure Placees to subscribe for the Placing Shares at the Issue Price. The Placing comprises 2,050,000 Placing Shares. The Placing Shares are not subject to clawback and are not part of the Open Offer. Neither the Placing nor the Open Offer is underwritten.

The Placing and Open Offer are conditional, *inter alia*, on the passing of Resolution 1 by Shareholders at the General Meeting, which is being convened for 10.00 a.m. on 6 June 2019. Application will be made to the London Stock Exchange for Admission of the New Shares. It is expected that Admission of the New Shares will become effective and that dealings in the New Shares will commence at 8.00 a.m. on 7 June 2019 (being the business day following the General Meeting).

If the conditions relating to the issue of the Placing Shares are not satisfied, or the Placing and Open Offer Agreement is terminated in accordance with its terms, the Placing Shares will not be issued and the Company will not receive the related placing monies. In this scenario, the Open Offer will similarly not proceed.

The Issue Price represents a discount of approximately 12.7 per cent. to the price of 2,520 pence per Existing Ordinary Share on 17 May 2019, being the Closing Price on the business day prior to the

announcement of the Transaction, and a 2.6 per cent. discount to the 20 business day average Closing Price up to and including 17 May 2019.

**The purpose of this document is to provide you with information regarding the Transaction, to explain why your Board considers the Transaction to be in the best interests of the Company and its Shareholders as a whole and why it unanimously recommends that you should vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.**

The allotment and issue of the Open Offer Shares is conditional on Admission of the Placing Shares but the Placing is not conditional on Admission of the Open Offer Shares; if the Placing does not complete, then the Open Offer will also not complete. However, if the Open Offer does not complete, then this will not prevent the Placing from completing.

## **2. Background to the Transaction and Use of Proceeds**

Alongside the announcement of the interim results for the six month period ended 28 February 2019, the Board outlined an updated strategy for the next phase of the Company's growth, building on the existing foundations in order to fully capture the numerous market opportunities while leveraging core strengths.

In the Board's view, the ongoing regulatory environment and consumer demand for safety, which are driving technological advancements in global mobility requirements, provide a highly supportive market backdrop to the Group's activities.

During recent years, there has been significant investment in, *inter alia*, the Company's operational capabilities, new product development, the overseas footprint and state of the art facilities; in mid-2018, the Company's new 3,070m<sup>2</sup> factory and headquarters in Bradford on Avon became fully operational. The Board is wholly committed to continuing this investment and, as set out in more detail below, has allocated a substantial proportion of the Group's existing cash resources to build a simulation centre of excellence adjacent to the existing facilities.

The Board intends to use the net proceeds of the Transaction in support of the updated strategy, including to finance potential acquisition opportunities, adding important production capacity and for ongoing working capital requirements.

Turning to the updated strategy, the five key priorities are set out below:

### **(i) New Product Development**

Following an extensive review of the trends, drivers and needs within our selected addressable markets and an assessment of the Group's competitive position, we have developed an extensive Product & Technology roadmap. This roadmap supports the growth ambitions of the Board through disciplined and targeted investment and is a key foundation of the strategy.

The market and regulatory growth drivers in Advanced Driver Assistance Systems ("**ADAS**") and autonomous vehicle technology remain favourable. Ongoing development of regulation and legislation, consumer demands for active safety, incremental introduction of ADAS technology and the limits of current autonomous technologies supports increased investment in our product portfolio and provides us with confidence in the long-term demand for our products. Our planned new product launches include a combination of new products and an evolution of existing products as testing requirements become more complex.

### **(ii) Capability & Capacity**

A key element of the updated strategy is to ensure that appropriate levels of capability and capacity are available to meet the future growth demands of the business in terms of human resources, facilities, infrastructure, manufacturing capability and Business Management Systems (IT). We have identified clear investment requirements for these areas of development based on the planned growth profile over the strategic review cycle.

The Company has now received full planning permission for a new 2,846m<sup>2</sup> facility adjacent to our existing main building (the “**North Site**”). This new facility will be used as a simulation centre of excellence and engineering research and development, and is expected to be ready for occupation in the second half of 2020. In addition, the Board continues to assess the Group’s ongoing requirements for further production facilities.

The Board has also identified a need for a new integrated Business Management System incorporating enterprise resource planning (ERP), customer relationship management (CRM), finance and operations to facilitate the successful delivery of the Group’s growth strategy.

(iii) **International Footprint**

As a global business supplying advanced engineering solutions to a demanding blue-chip client base, it is important to have a local presence to provide the Service and Support element envisaged in our updated strategy. We have already commenced operations from new facilities in Germany and the US and as part of our planned international expansion, we intend to establish AB Dynamics operations in other key markets, particularly Asia.

Our sales strategy is evolving to address selected key markets through direct sales by establishing sales resources in our international locations, supported by a strengthened sales function in the UK through a combination of recruitment, training and IT systems.

Having international AB Dynamics locations will allow us to build closer relationships and partnerships with our customers and in particular our key accounts in order to meet their continually evolving requirements.

(iv) **Service and Support**

We recently delivered our 1000th driving robot system and our overall installed base of products is increasing rapidly in all our key markets. The Directors believe that as regulation and the sophistication and integration of AB Dynamics’ products increases, customers will need greater levels of local service and support. Customers require timely technical support and provision of services such as spares, maintenance, calibration, training and on-site technical support and this will form part of our ongoing development.

This is an evolution of the existing AB Dynamics operating model and is expected to provide enhanced earnings visibility as we provide additional value adding services.

(v) **Acquisitive Growth**

Although the strategic plan is based on delivering long term, sustainable organic growth, the Board believes that selective acquisitions could provide an expedited route to growth. This may be to accelerate and de-risk product and technology development, broaden our geographic footprint or product offering or to assist vertical integration. Any acquisition activity would be highly targeted against defined strategic, operational, financial and cultural criteria before being considered. AB Dynamics will seek to develop the additional internal skills and capabilities required to support any acquisition activity.

The Board believes that it is prudent to seek additional funding to support all aspects of the strategic plan in order to capitalise on opportunities for organic growth. The Board has developed a pipeline of attractive potential acquisitions, which are progressing at varying rates and are at different stages of assessment. In the Board’s view it is important that the Group is well positioned to execute those potential transactions that should deliver enhanced shareholder value.

The potential acquisition opportunities currently under more detailed consideration are at an early stage and the Board currently considers that if such acquisitions were completed then they would likely utilise the majority of the net proceeds of the Placing.

There can be no certainty that any of these acquisition opportunities will proceed to completion. In such circumstances, the proceeds of the Placing, together with any monies received via the Open Offer, would be used in support of other acquisition opportunities that might arise and otherwise in pursuing the other strategic aims described at paragraphs (i) to (iv) above over the short to medium term.

### 3. Current Trading and Prospects

The Company announced its interim results for the six month period ended 28 February 2019 on 24 April 2019. Financial highlights for the period included an increase in revenue by 69 per cent. to £25.8 million (H1 2018: £15.3 million), a profit before tax increase of 95 per cent. to £6.4 million (H1 2018: £3.3 million) and basic earnings per share increase of 130 per cent. to 28.36p (H1 2018: 12.35p). At an operational level, the Group has developed an updated strategy for growth, seen significant improvement in manufacturing efficiency resulting in reduced delivery lead times and grown internationally with the establishment of AB Dynamics GmbH in Germany and more recently with the establishment of AB Dynamics Inc. in Detroit. The Board are also investigating the provision of direct support operations in Asia to complement and assist the Group's existing Asia representatives.

AB Dynamics's principal markets remain significant and are forecast to continue growing strongly. There are various advisory groups and regulatory growth drivers supporting this, including Euro NCAP (which is widely regarded as having led OEM standards ahead of regulations in Europe) now focusing on active safety and scenario testing of ADAS features and EU regulations (which were last updated in 2009) are expected to introduce requirements for various ADAS features to be mandatory by 2022.

The Society of Automotive Engineers has defined 6 Levels of autonomy: Level 0 translates to complete control by the driver; Levels 1-2 include existing ADAS features; for Level 3 and above, the full dynamic driving task can be undertaken by the vehicle, including monitoring of the environment as well as lateral and longitudinal control. Level 5 corresponds to complete autonomy, with no input required by the driver. The UK Centre for Connected and Autonomous Vehicles commissioned a report in 2017 which forecast the global market for Level 3 to 5 associated technologies rising from £4bn in 2020 to £63bn in 2035.

The Board is of the opinion, shared by several industry commentators, that driving automation systems for Level 4 and 5 autonomous vehicles will take longer and cost more than originally expected. The Board also see the industry focusing currently more on real world testing with Level 2 and Level 3 autonomous systems. This means the core addressable active safety market of AB Dynamics should be more important and for a longer period of time.

In addition, there is an active shift in testing by way of simulation due to immediate time and cost savings from a reduced need for physical testing and also the resultant accelerated route to market of new models. The Board believes that its ADAS testing equipment and simulator offering position the Group well with OEMs and other customers.

### 4. Details of the Transaction

The Company has conditionally placed 2,050,000 Placing Shares through a Placing at 2,200 pence per Placing Share. Alongside the Placing, the Company is making an Open Offer pursuant to which it may raise a further amount of up to £5.0 million (before expenses). The proposed issue price of 2,200 pence per Open Offer Share is the same price as the price at which New Shares are being issued pursuant to the Placing.

#### **Placing**

Cantor Fitzgerald, as agent for AB Dynamics, has conditionally placed the Placing Shares at the Issue Price with existing Shareholders and other institutional investors, to raise gross proceeds of £45.1 million. The Placing will comprise 2,050,000 Placing Shares.

The Placing of the Placing Shares is conditional, *inter alia*, on the following:

- (i) Resolution 1 being passed at the General Meeting;
- (ii) the Placing and Open Offer Agreement not being terminated prior to Admission of the Placing Shares and becoming unconditional in all respects; and
- (iii) Admission of the Placing Shares having become effective on or before 8.00 a.m. on 7 June 2019 (or such later date and/or time as the Company, Cantor Fitzgerald and Cairn may agree not being later than 28 June 2019).

The Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares in issue at that time, including the right to receive all dividends and other distributions declared, made or

paid after the date of Admission of the Placing Shares. The Placing Shares are not subject to clawback and are not part of the Open Offer. The Placing is not underwritten.

The allotment and issue of the Open Offer Shares is conditional on Admission of the Placing Shares but the Placing is not conditional on Admission of the Open Offer Shares; if the Placing does not complete, then the Open Offer will also not complete. However, if the Open Offer does not complete, then this will not prevent the Placing from completing.

A summary of the Placing and Open Offer Agreement is set out in paragraph 4 of Part V of this document.

#### *Related Party Transaction*

Castlefield Fund Partners Limited, as a substantial shareholder of the Company, is subscribing for 182,000 Placing Shares, which constitutes a related party transaction under the AIM Rules.

Accordingly, the Directors of the Company consider, having consulted with the Cairn, the Company's nominated adviser, that the terms of Castlefield Fund Partners Limited's participation in the Transaction are fair and reasonable insofar as the Shareholders are concerned.

#### **Open Offer**

Subject to the fulfilment of the conditions set out below and in Part IV of this document, Qualifying Shareholders may subscribe for Open Offer Shares in proportion to their holding of Existing Ordinary Shares held on the Record Date. Shareholders subscribing for their full entitlement under the Open Offer may also request additional Open Offer Shares as an Excess Entitlement, up to the total number of Open Offer Shares available to Qualifying Shareholders under the Open Offer. The Open Offer is not underwritten.

The Open Offer is conditional, *inter alia*, on the following:

- (i) Resolution 1 being passed at the General Meeting;
- (ii) the Placing and Open Offer Agreement not being terminated prior to Admission of the Placing Shares and becoming unconditional in all respects;
- (iii) Admission of the Placing Shares becoming effective on or before 8.00 a.m. on 7 June 2019 (or such later date and/or time as the Company, Cantor Fitzgerald and Cairn may agree, being no later than 28 June 2019); and
- (iv) Admission of the Open Offer Shares becoming effective on or before 8.00 a.m. on 7 June 2019 (or such later date and/or time as the Company, Cantor Fitzgerald and Cairn may agree, being no later than 28 June 2019).

If these and the other conditions to the Open Offer are not satisfied or waived (where capable of waiver), the Open Offer will lapse and will not proceed and any applications made by Qualifying Shareholders will be rejected. In these circumstances, application monies received by the Receiving Agent in respect of Open Offer Shares will be returned (at the applicant's sole risk), without payment of interest, as soon as reasonably practicable thereafter. Lapsing of the Open Offer cannot occur after dealings in the Open Offer Shares have begun.

The allotment and issue of the Open Offer Shares is conditional on Admission of the Placing Shares but the Placing is not conditional on Admission of the Open Offer Shares; if the Placing does not complete, then the Open Offer will also not complete. However, if the Open Offer does not complete, then this will not prevent the Placing from completing.

#### *Basic Entitlement*

On, and subject to the terms and conditions of the Open Offer, the Company invites Qualifying Shareholders to apply for their Basic Entitlement of Open Offer Shares at the Issue Price. Each Qualifying Shareholder's Basic Entitlement has been calculated on the following basis:

#### **1 Open Offer Share for every 86.5021363 Existing Ordinary Shares held at the Record Date**

Basic Entitlements will be rounded down to the nearest whole number of Ordinary Shares.



### *Excess Entitlement*

Qualifying Shareholders are also invited to apply for additional Open Offer Shares (up to the total number of Open Offer Shares available to Qualifying Shareholders under the Open Offer) as an Excess Entitlement. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be apportioned between those Qualifying Shareholders who have applied for an Excess Entitlement at the sole and absolute discretion of the Board, provided that no Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he or she has specified on the Application Form or through CREST.

The Open Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares in issue at that time, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission of the Open Offer Shares. The Open Offer is not underwritten.

**Qualifying Shareholders should note that the Open Offer is not a “rights issue”. Invitations to apply under the Open Offer are not transferable unless to satisfy *bona fide* market claims. 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 for Open Offer Shares under the Open Offer.**

### *Settlement and dealings*

Application will be made to the London Stock Exchange for Admission of the New Shares. It is expected that Admission of the New Shares will become effective and that dealings in the New Shares will commence at 8.00 a.m. on 7 June 2019 (being the business day following the General Meeting).

### *Overseas Shareholders*

The Open Offer Shares have not been and are not intended to be registered or qualified for sale in any jurisdiction other than the United Kingdom. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Shareholders with registered addresses in, or who are resident or located in the United States or any other Restricted Jurisdiction since to do so would require compliance with the relevant securities laws of that jurisdiction. The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares which appears to the Company or its agents or professional advisers to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents or professional advisers believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of share certificates for Open Offer Shares outside the UK, or in the case of a credit of Open Offer Shares in CREST, to a CREST member whose registered address would not be in the UK.

Notwithstanding the foregoing and any other provision of this document or the Application Form, the Company reserves the right to permit any Qualifying Shareholder to apply for Open Offer Shares 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.

Part IV of this document together with the accompanying Application Form, in the case of Qualifying non-CREST Shareholders, contains the terms and conditions of the Open Offer. If a Qualifying Shareholder does not wish to apply for Open Offer Shares he or she should not complete or return the Application Form or send a USE message through CREST.

### *Qualifying non-CREST Shareholders*

If you are a Qualifying non-CREST Shareholder you will receive an Application Form, which accompanies this document and which gives details of your Basic Entitlement (as shown by the number of the Open Offer Shares allocated to you). If you wish to apply for Open Offer Shares under the Open Offer you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph 4 of Part IV of this document and on the Application Form itself. The completed Application Form, accompanied by full payment, should be returned by post, or by hand (during normal business hours), to Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, GU9 7DR so as to arrive as soon as possible and in any event no later than 11.00 a.m. on 5 June 2019.

### Qualifying CREST Shareholders

Application will be made for the Open Offer Entitlements of Qualifying CREST Shareholders to be credited to stock accounts in CREST. It is expected that the Open Offer Entitlements will be credited to stock accounts in CREST on 21 May 2019. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. If you are a Qualifying CREST Shareholder, no Application Form is enclosed but you will receive credits to your appropriate stock account in CREST in respect of the Basic Entitlements to which you are entitled. You should refer to the procedure for application set out in paragraph 4 of Part IV of this document. The relevant CREST instruction must have settled by no later than 11.00 a.m. on 5 June 2019.

## 5. General Meeting

The Board is seeking the approval of Shareholders at the General Meeting to, *inter alia*, approve the issue and allotment of the New Shares and to dis-apply pre-emption rights. You will find set out at the end of this document a notice convening the General Meeting to be held at the offices of the Company at Middleton Drive, Bradford on Avon, Wiltshire, BA15 1GB at 10.00 a.m. on 6 June 2019.

**Resolution 1** is a special resolution to:

- (a) authorise the Directors to allot shares and to grant rights up to an aggregate nominal amount of £22,775.00 in respect of the Placing and Open Offer; and
- (b) authorise the Directors to allot shares and to grant rights up to an aggregate nominal amount of £22,775.00, being equal to 2,277,500 New Shares, on a non-pre-emptive basis for the purposes of the Placing and Open Offer.

The authorities to be granted pursuant to Resolution 1 shall expire on the date falling 3 months from the date of the passing of such resolution (unless renewed, varied or revoked by the Company prior to or on that date) and are in addition to the existing authorities granted at the Company's last annual general meeting on 6 December 2018.

**Resolution 2** is conditional upon the passing of Resolution 1 and Admission of the New Shares and is an ordinary resolution to authorise the Directors to allot shares in the Company up to an aggregate nominal amount of £73,189.12 representing approximately one-third of the Company's Enlarged Share Capital (assuming the New Shares are issued in full and there are no further exercises of options under the Option Schemes prior to Admission of the New Shares).

**Resolution 3** is conditional on the passing of the Resolutions 1 and 2 and Admission of the New Shares and is a special resolution to allot equity securities (as defined in the Act) for cash otherwise than to existing shareholders *pro rata* to their holdings. This authority is limited to the allotment of (a) equity securities in connection with a rights issue or other pre-emptive offer; and (b) equity securities up to an aggregate nominal amount of £21,956.74 representing approximately 10 per cent. of the Company's Enlarged Share Capital (assuming the New Shares are issued in full and there are no further exercises of options under the Option Schemes prior to Admission of the New Shares).

The authorities to be granted pursuant to Resolutions 2 and 3 shall expire on the earlier of the date falling 15 months from the date of the passing of such resolution and the next annual general meeting of the Company (unless renewed, varied or revoked by the Company prior to or on that date) and are in substitution for the existing authorities granted at the Company's last annual general meeting held on 6 December 2018. The Directors have no present intention to use the authorities to be conferred by Resolutions 2 and 3 but consider that it is prudent and desirable that the Company be granted these authorities.

## 6. Irrevocable commitments

The Directors (or persons connected with the Directors within the meaning of sections 252-255 of the Act), who in aggregate hold 6,185,411 Existing Ordinary Shares, representing approximately 31.4 per cent. of the existing issued ordinary share capital of the Company, have irrevocably undertaken to vote in favour of the Resolutions at the General Meeting (or where their shares are held in the name of a nominee, to procure that such nominee votes in favour of the Resolutions).

Anthony Best (Non-Executive Chairman), Robert Hart (Chief Financial Officer), Matthew Hubbard (Chief Technology Officer) and Bryan Smart (Non-Executive Director), have undertaken not to participate in the Open Offer.

## **7. Risk Factors and Additional Information**

The attention of Shareholders is drawn to the risk factors set out in Part II of this document and the information contained in Parts IV and V of this document, which provide additional information on the Open Offer and the Company.

## **8. Action to be taken**

### ***In respect of the General Meeting***

A Form of Proxy for use at the General Meeting is enclosed with this document. Whether or not you intend to be present at the General Meeting, the Form of Proxy should be completed in accordance with the instructions printed thereon and returned to Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 4 June 2019. The completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person, if you so wish.

### ***In respect of the Open Offer***

Qualifying non-CREST Shareholders wishing to apply for Open Offer Shares or the Excess Shares must complete the enclosed Application Form in accordance with the instructions set out in paragraph 4 of Part IV (Terms and Conditions of the Open Offer) of this document and on the accompanying Application Form and return it with the appropriate payment to Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, so as to arrive no later than 11.00 a.m. on 5 June 2019.

If you do not wish to apply for any Open Offer Shares under the Open Offer, you should not complete or return the Application Form. If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. Qualifying CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST. You should refer to the procedure for application set out in paragraph 4 of Part IV (Terms and Conditions of the Open Offer) of this document. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 4 of Part IV of this document by no later than 11.00 a.m. on 5 June 2019.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

## **9. Recommendation**

Your Directors consider that the Transaction and the authorities to be granted by the passing of the Resolutions are in the best interests of the Company and its Shareholders as a whole. Accordingly, your Directors unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own shareholdings of 6,185,411 Ordinary Shares, representing approximately 31.4 per cent. of the Company's current issued share capital.

Yours faithfully

**Anthony Best**

*Chairman*

## PART II

### RISK FACTORS

**Shareholders should be aware that an investment in the Company is highly speculative and involves a high degree of risk. Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below, which are not presented in any order of priority and may not be exhaustive.**

**The following risk factors are all those known by the Directors which are considered to be material in their opinion. Additional risks and uncertainties not currently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company's business, financial condition and results of operations.**

**An investment in the Company may not be suitable for all recipients of this document. Qualifying Shareholders are advised to consult an independent financial adviser duly authorised under FSMA who specialises in advising on the acquisition of shares and other securities before making a decision to invest.**

**It should be noted that the Company is relying on an exemption from issuing a prospectus in section 86 and paragraph 9 of Schedule 11A of the Financial Services and Markets Act 2000 (as amended) resulting in this document not being considered to be a prospectus. Consequently, this document does not include all information that an investor would receive if it were a prospectus.**

**References to the Company are also deemed to include, where appropriate, each member of the Group.**

#### **General Risks**

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an investment adviser authorised under FSMA, or such other similar body in their jurisdiction, who specialises in advising on investments of this nature before making their decision to invest.

Investment in the Company should not be regarded as short term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

#### **1. Risks relating to the Group's business**

##### ***The Group is reliant on key executives and personnel***

The Group's business, development and prospects are dependent upon the continued services and performance of its Directors and other key personnel. The experience and commercial relationships of the Group's personnel help provide the Group with a competitive advantage. As such, key man insurance exists for all key personnel in the Group, save for Anthony Best. Although several members of staff have worked for the Group for over 20 years and the Group continues to recruit and develop intelligent and motivated individuals, the Directors believe that the loss of services of any existing key executives, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Group.

### ***The Group may not successfully manage its growth***

Expansion of the business of the Group may place additional demands on the Group's management, administrative and technological resources and marketing capabilities, and may require additional capital expenditure. If the Group is unable to manage any such expansion effectively, then this may adversely impact the business, development, financial condition, results of operations, prospects, profits, cash flow and reputation of the Group.

The Group's growth and future success will be dependent to some extent on the successful completion of such expansion strategies proposed to be undertaken by the Group and the sufficiency of demand for the Group's products. The execution of the Group's expansion strategies may also place a strain on its managerial, operational and financial resources. Should the Group fail to implement such expansion strategies or should there be insufficient demand for the Group's products and services, the Group's business operations, financial performance and prospects may be adversely affected. To partially mitigate this risk, the Board are evaluating potential new integrated Business Management Systems which would incorporate enterprise resource planning (ERP), customer relationship management (CRM), finance and operations.

The possible acquisitions referred to in the Chairman's Letter may not be completed and it may be some time before alternative suitable acquisitions can be identified and completed.

### ***Potential requirement for further investment***

The Group may require additional capital in the future, whether from equity or debt sources, for expansion, its activities and/or business development. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds, if raised, would be sufficient. If additional funds are raised by issuing equity securities, material dilution to the existing shareholdings may result. The level and timing of future expenditure will depend on a number of factors, many of which are outside of the Group's control. If the Group is unable to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such expansion, activities and/or business development which could adversely impact upon the Group, its business, development, financial condition, operating results or prospects.

### ***Litigation***

Legal proceedings, with or without merit, may arise from time to time in the course of the Group's business, including in connection with intellectual property rights. The Directors cannot preclude litigation being brought against the Group and any litigation brought against the Group could have a material adverse effect on the financial condition, results or operations of the Group. The Group's business may be materially adversely affected if the Group and/or its employees or agents are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

### ***Internal controls***

Future growth and prospects for the Group will depend on its management's ability to manage the business of the Group and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

### ***The Group is reliant on overseas sales representatives, agents and distributors***

The Group has appointed a number of sales representatives, agents and distributors for certain of its products in overseas jurisdictions, including the US, Canada, India, Japan, Malaysia, Mexico, Germany, China and Taiwan. However, for the majority of these individuals, there are no formal written terms of engagement. Terms concerning, *inter alia*, notice and termination are therefore uncertain, meaning that there are potential issues regarding the Group's ability to sell and distribute in certain jurisdictions should such sales representatives, agents and distributors cease to work with the Group at short notice. In addition, provisions as to termination payments and/or compensation are also uncertain, meaning the Group is at risk of being liable to pay uncapped compensation to these individuals, either under the Commercial Agents

(Council Directive) Regulations 1993 or local law equivalent, as well as possible common law damages if statutory minimum notice periods are not complied with.

### ***Uninsured liabilities***

The Company may be subject to substantial liability claims due to the technical nature of its business and products or for acts or omissions of its sales representatives, agents or distributors. The Group can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage.

### ***Competitors***

While the Directors are unaware of any single competitor that provides the range of products and services offered by the Group, there are a number of competitors for each of the Group's product categories. The acquisition of market share by any of these competitors may have a material adverse impact on the Group's revenues and profitability.

### ***Limited IP protection***

The Group does not have a formal policy on intellectual property. While the Directors believe that the barriers to entry in its market are high, the ability of a competitor to develop similar products to those manufactured by the Group may have a material adverse impact on the Group's revenues and profitability.

### ***Health and safety and environmental issues ("HSE")***

The Group's operations are, and will remain, subject to HSE requirements in the jurisdictions in which the Group conducts its business. Such HSE laws and regulations govern, among other matters, air emissions, wastewater discharges, solid and hazardous waste management and the use, composition, handling, distribution and transportation of hazardous materials. The cost of compliance with these requirements is expected to increase. Although the Directors believe that the Group's procedures comply with applicable regulations, any failure to comply with HSE laws and regulations could result in the Group incurring costs and/or liabilities, including as a result of regulatory enforcement, personal injury, property damage and claims and litigation resulting from such events, which could adversely affect the Group's results of operations and financial condition. Accidents or mishandling involving hazardous substances could cause severe or critical damage or injury to property and human health. Such an event could result in civil lawsuits and/or regulator enforcement proceedings, both of which could lead to significant liabilities. Any damage to persons, equipment or property or other disruption of the Group's business could result in significant additional costs to replace, repair and insure the Group's assets, which could negatively affect the Group's business, prospects, operating results and financial condition. The Board cannot predict the impact of new or changed HSE laws or regulations or other concerns or changes in the ways that such laws or regulations are administered, interpreted or enforced.

To the extent that any of the requirements impose substantial costs or constrain the Group's ability to expand or change its processes, the Group's business, prospects, operating results and financial condition may suffer as a result.

### ***Disaster recovery***

The Group depends on the performance, reliability and availability of its plant, equipment and information technology systems. Any damage to, or failure of, its equipment and/or systems could result in disruptions to the Group's operations. The Group's disaster recovery plans (which are currently in place for financial systems and IT systems) may not adequately address every potential event and its insurance policies may not cover any loss in full or in part (including losses resulting from business interruptions) or damage that it suffers fully or at all, which could have a material adverse effect on the Group's business, financial position and prospects.

### ***Delayed construction of the North Site, the new UK facility***

The Board has obtained further planning consent for the proposed North Site development which, when completed, will provide additional manufacturing capacity. Given the expected continued growth of the Group, any prolonged delays in the construction and commencement of operations at the North Site facility

will likely result in additional costs being incurred as well as creating operational issues and potential capacity constraints, which could have an adverse effect on the Group's business, financial business and prospects.

## **2. Risks relating to the market in which the Group operates**

### ***The move towards autonomy or semi-autonomy is challenging and competition in the market may squeeze R&D budgets***

The Group operates within a significant long-term growth market, led by the ongoing development of ADAS technologies and the drive towards semi- and fully-autonomous vehicles that is also supported by fast evolving regulatory and vehicle safety standards. The drive towards full autonomy has significant challenges and is proving to be far more complex than has been speculated on and publicised in the media. The expected commercial impact for AB Dynamics is an extended time period for the incremental implementation of ADAS systems on conventional vehicles and an extension to autonomy implementation periods. The draft agreement adopted by the United Nations Economic Commission for Europe (UNECE), a key UN standards agency, requiring all new vehicles to be equipped with Autonomous Emergency Braking ("AEB") and other ADAS systems is one of the most recent developments that illustrates the types of opportunity AB Dynamics can capitalise upon. This draft regulation was agreed by 40 countries led by Japan and the European Union but not including China, the US and India, and will come into effect in early 2020.

The global automotive market remains highly competitive and competition is expected to intensify further in light of continuing globalisation in the industry, possibly resulting in industry reorganisation. Factors affecting competition include product quality and features, safety, reliability, fuel economy, the amount of time required for innovation and development, pricing, customer service and financing terms. Increased competition may lead to lower vehicle unit sales, which may result in downward pressure on research and development budgets. Furthermore, adverse issues arising in the automotive industry or in the global economy may significantly reduce the level of these research and development budgets. The Group's ability to respond adequately to changes in the automotive industry and to maintain its position as a leading technology supplier will be fundamental to its future success in existing and new markets and to maintain its market share. There can be no assurance that the Group will be able to compete successfully in the future.

### ***Key suppliers***

Over the past 30 years, the Group has built up a reliable supplier base for its externally sourced components. At present, a significant proportion of these components are supplied by certain key suppliers. While the Group uses its design capabilities to dual source components, and has, in certain instances, taken out an insurance policy to protect its profits should a key supplier be unable to supply for whatever reason, there remains a risk of material impact in the short term if one of its key suppliers were to fail.

### ***Exposure to exchange rate fluctuations***

The Group is exposed to exchange rate fluctuations, principally the GBP, the US\$, the Euro and, to a lesser extent, the Japanese Yen and Chinese RMB. Although the Group uses certain derivative financial instruments, including foreign currency forward contracts used to mitigate the impact of commitments denominated in foreign currencies, changes in foreign currency exchange rates may affect the Group's pricing of products sold and materials purchased in foreign currencies.

### ***Exposure to economic cycle***

Market conditions may affect the value of the Company's share price regardless of operating performance. The Group could be affected by unforeseen events outside of its control including economic and political events and trends, inflation and deflation, terrorist attacks or currency exchange fluctuation. The combined effect of these factors is difficult to predict and an investment in the Company could be affected adversely by changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Group may operate. Deterioration in the economic climate could result in a delay or cancellation of clients' projects.

### ***Force majeure events***

There is a risk that the markets in which the Group currently operates could be affected by events such as war, civil war, riot or armed conflict, acts of terrorism, floods, explosions or other catastrophes, epidemics or quarantine restrictions, which are outside of the Directors' control and generally not covered by insurance.

Such events could have a variety of materially adverse consequences for the Group, including risks and costs related to decline in revenues or reputational damage, and injury or loss of life, as well as litigation related thereto.

### ***Laws and regulations***

The Company is subject to the laws of the United Kingdom. Existing and future legislation and regulation could cause additional expense, capital expenditure and restrictions and delays in the activities of the Group, the extent of which cannot be predicted. No assurance can be given that new laws, rules and regulations will not be enacted or existing laws, rules and regulations will not be applied in a manner which could limit or curtail certain of the Group's activities or services. In addition, the Group may have to defend itself against legal proceedings which could have an adverse effect on trading performance and, in turn, future profits. The Group also exports its products overseas and therefore its exports may be subject to existing and future overseas legislation and regulation and similar risks.

### ***UK's exit from the European Union***

Following the activation of Article 50 of the 2009 Lisbon Treaty on 29 March 2017 and subsequent extension to agree the UK's withdrawal from the EU, uncertainty remains as to the UK's legal, political and economic relationship with Europe after the UK exits the EU ("**Brexit**").

The long-term effects of Brexit will depend on any agreements (or lack thereof) between the UK and the EU and, in particular, any arrangements for the UK to retain access to EU markets either during a transitional period or more permanently. AB Dynamics is based in the UK and in the year ended 31 August 2018 sold 33.68 per cent. of its products and services in EU member states outside the UK, so any negative effect on its ability to continue selling in EU member states and the terms on which it makes such sales, including the imposition of import duties, could have an adverse effect on its sales and profitability. Additionally, the rate of exchange of the pound sterling vis-a-vis other currencies has dropped significantly since the referendum, which results in increasing costs of non-sterling denominated components as well as other obligations. Further, the Group may need to increase the level of inventory it holds of certain components imported from the EU to ensure continuity of supply in light of these risks, which may impact its cash flow levels.

Regardless of the form of any withdrawal agreement, there are likely to be changes in the legal rights and obligations of commercial parties across all industries following an exit of the UK from the EU, which could have a material adverse effect on the Group's business, financial position and prospects.

## **3. Risks relating to the Transaction**

### ***Investment in AIM Securities***

An investment in shares traded on AIM may be less liquid and is perceived to involve a higher degree of risk than an investment in a company whose shares are listed on the Official List. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company and the Group. Investors may therefore realise less than, or lose all of, their investment.

### ***AIM Rules***

The AIM Rules are less onerous than those of the Official List. Neither the FCA nor the London Stock Exchange has examined or approved the contents of this document. Shareholders and prospective investors (as appropriate) should be aware of the risks of investing in AIM quoted shares and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

### ***Dilution of ownership of Ordinary Shares***

Shareholders' (who are not Placees) proportionate ownership and voting interest in the Company will be reduced pursuant to the Placing. In addition, to the extent that Shareholders (who are not Placees) do not take up the offer of Open Offer Shares under the Open Offer, their proportionate ownership and voting interest in the Company will be further reduced and the percentage that their shareholdings represent of the ordinary share capital of the Company will, following Admission of the New Shares, be reduced



accordingly. Subject to certain exceptions, Shareholders with registered addresses in, or who are resident or located in, the United States and other Restricted Jurisdictions will not be able to participate in the Open Offer.

### **Volatility of share price**

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, announcements of innovations or new services by the Company or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Company's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Company's performance.

The following factors, in addition to other risks described in this document, may have a significant effect on the market price of the Ordinary Shares:

- variations in operating results;
- actual or anticipated changes in the estimates of operating results or changes in stock market analyst recommendations regarding the Ordinary Shares, other comparable companies or the industry generally;
- macro-economic conditions in the countries in which the Group may do business;
- foreign currency exchange fluctuations and the denominations in which the Group may conduct business and holds cash reserves;
- market conditions in the industry, the industries of customers and the economy as a whole;
- actual or expected changes in the Group's growth rates or competitors' growth rates;
- changes in the market valuation of similar companies;
- trading volume of the Ordinary Shares;
- sales of the Ordinary Shares by the Directors or other Shareholders; and
- adoption or modification of regulations, policies, procedures or programmes applicable to the Group's business. In addition, if the stock market in general experiences loss of investor confidence, the trading price of the Ordinary Shares could decline for reasons unrelated to the Group's business, financial condition or operating results. The trading price of the Ordinary Shares might also decline in reaction to events that affect other companies in the industry, even if such events do not directly affect the Group. Each of these factors, among others, could harm the value of the Ordinary Shares.

### **Future capital raisings may not be successful**

If securities or industry analysts do not publish research or publish unfavourable or inaccurate research about the business, the Company's share price and trading volume of the Ordinary Shares could decline. The trading market for the Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Group or its business. The Directors may be unable to sustain coverage by well-regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of the Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the Ordinary Shares could be negatively impacted. In the event that the Company obtains securities or industry analyst coverage, if one or more of the analysts who cover the Company downgrade the Ordinary Shares or publish inaccurate or unfavourable research about the Group's business, the share price would be likely to decline. If one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the Ordinary Shares could decrease, which might cause the share price and trading volume to decline.

### **Future payment of dividends**

There can be no assurance as to the level of future dividends (if any). The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and shareholders of the Company and will depend upon, *inter alia*, the Group's earnings, financial position, cash requirements

and availability of profits as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time.

***Valuation of shares***

The Issue Price has been determined by the Board and may not relate to the Group's net asset value, net worth or any established criteria or value. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

***Market perception***

Market perception of the Group may change, potentially affecting the value of investors' holdings and the ability of the Group to raise further funds by the issue of further Ordinary Shares or otherwise.

***Suitability***

A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her. An investment in the Company involves a high degree of risk and may not be suitable for all recipients of this document. Prospective investors are advised to consult a person authorised by the FCA (or, if outside the UK, another appropriate regulatory body) before making their decision.

## PART III

### SOME QUESTIONS AND ANSWERS ON THE TRANSACTION

*The questions and answers set out in this Part III are intended to be in general terms only and, as such, you should read Part IV of this document for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.*

*This Part III deals with general questions relating to the Placing and the Open Offer and more specific questions relating principally to Existing Ordinary Shares held by 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 IV of this document 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 IV of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.*

**The contents of this document 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. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.**

#### **1. What is a placing and an open offer?**

A placing and an open offer are ways for companies to raise money. Companies may do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (an open offer) and/or providing for specifically identified investors also to acquire a certain number of shares at a fixed price (a placing). The fixed price is normally at a discount to the market price of the existing ordinary shares on the business day prior to the announcement of the placing and/or the open offer.

The Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire, in aggregate, up to 227,500 Open Offer Shares at a price of 2,200 pence per New 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 in, or located in, the United States or another Restricted Jurisdiction, you will be entitled to apply for Open Offer Shares under the Open Offer.

**The Open Offer is being made on the basis of 1 Open Offer Share for every 86.5021363 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.**

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Basic Entitlements. Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlements in full, to apply for additional Open Offer Shares through the Excess Application Facility.

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying non-CREST Shareholders should also note that the Application Form is not a negotiable document 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), and 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.**

## **2. Am I eligible to participate in the Placing?**

Unless you are a Placee, you will not be eligible to participate in the Placing.

## **3. I hold my Existing Ordinary Shares in certificated form. How do I know if I am able to apply to acquire Open Offer Shares under the Open Offer?**

If you have received an Application Form and, subject to certain exceptions, are not a holder with a registered address and are not resident or located in the United States or another Restricted Jurisdiction, then you should be eligible to acquire Open Offer Shares under the Open Offer, as long as you have not sold all of your Existing Ordinary Shares on or before 7.00 a.m. on 20 May 2019 (the Ex-entitlement Date for the Open Offer).

## **4. 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 in and are not resident or located in the United States or another Restricted Jurisdiction, you should have been sent an Application Form with this document.

That Application Form shows:

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

If you have a registered address or are resident or located in the United States or, subject to certain exceptions, one of the Restricted Jurisdictions, you will not receive an Application Form.

If you would like to apply for any of, all of or more than 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 document. Please return the completed form in the reply-paid envelope provided with the Application Form along with a cheque or banker's draft for the number of Open Offer Shares you want to apply for and allow at least four business days for delivery if sent by first class post from within the United Kingdom. Please also see questions 5 and 11 for further help in completing the Application Form.

## **5. I am a Qualifying Shareholder with a registered address in the UK and I hold my Existing Ordinary Shares in certificated form. What are my choices in relation to the Open Offer and what should I do with the Application Form?**

### **5.1 If you want to take up all of your Basic 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, together with your cheque or banker's draft for the amount (as indicated in Box 5 of your Application Form), payable to 'Share Registrars Ltd Receiving Agent Account' in the reply paid envelope provided, by post, or by hand (during normal business hours only), to Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR to arrive by no later than 11.00 a.m. on 5 June 2019. Within the United Kingdom only, you can use the reply-paid envelope which is enclosed with the Application Form. You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope.

Full instructions are set out in Part IV of this document and in the Application Form. A definitive share certificate will then be sent to you for the Open Offer Shares that you validly take up. Your definitive share certificate for such Open Offer Shares is expected to be despatched to you by no later than 14 June 2019.

## 5.2 **If you want to take up some but not all of your Basic Entitlement?**

If you want to take up some but not all of your Basic Entitlement, you should write the number of Open Offer Shares you want to take up in Box 2 of your Application Form; for example, if you are entitled to take up 1,000 shares but you only want to take up 500 shares, then you should write '500' in Box 2.

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 '500') by 2,200 pence, which is the price of each Open Offer Share (giving you an amount of £11,000.00 in this example). You should write this amount in Box 5, and this should be the amount your cheque or banker's draft is made out for. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to 'Share Registrars Ltd Receiving Agent Account' and crossed "A/C payee only", in the reply-paid envelope provided, by post, or by hand (during normal business hours only) to Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR to arrive by no later than 11.00 a.m. on 5 June 2019, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the reply-paid envelope which is enclosed with the Application Form. You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope.

Full instructions are set out in Part IV of this document and in the Application Form. A definitive share certificate will then be sent to you for the Open Offer Shares that you validly take up. Your definitive share certificate for such Open Offer Shares is expected to be despatched to you by no later than 14 June 2019.

## 5.3 **If you want to apply for more than your Basic Entitlement?**

Provided that you have agreed to take up your Basic Entitlement in full, you can apply for Excess Shares using the Excess Application Facility. You should write the number of Open Offer Shares you wish to take up in Box 2 which must be the number of Open Offer Shares shown in Box 7. You should then write the number of Excess Shares you wish to apply for under the Excess Application Facility in Box 3 and then complete Box 4 by adding together the numbers you have entered in Boxes 2 and 3.

To work out how much you need to pay for the Open Offer Shares you are applying for, you need to multiply the number of Open Offer Shares shown in Box 4 by the Issue Price, which is the price of each Open Offer Share. You should write this amount in Box 5, rounding down to the nearest whole penny. You should then return your Application Form together with your cheque or banker's draft for that amount payable to 'Share Registrars Ltd Receiving Agent Account' and crossed "A/C payee only", in the reply-paid envelope provided, by post, or by hand (during normal business hours only) to Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR to arrive by no later than 11.00 a.m. on 5 June 2019, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope.

You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part IV of this document and in 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 will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event, Qualifying Shareholders will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allotted to, the relevant Qualifying Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the applicant's sole risk.

A definitive share certificate will then be sent to you for the Open Offer Shares that you validly take up. Your definitive share certificate for such Open Offer Shares is expected to be despatched to you by no later than 14 June 2019.

#### **5.4 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. The Open Offer Shares you could have taken up will not be issued by the Company to you or for your benefit. You cannot sell your Application Form or your Open Offer Entitlement to anyone else.

If you are not a Placee and you do not take up any of your Open Offer Entitlement, then following the Transaction, your interest in the Company will be diluted, although you should note that even if a Qualifying Shareholder (who is not a Placee) subscribes for his full entitlement to the Open Offer Shares, his proportionate interest in the Company will be diluted by the issue of New Shares pursuant to the Placing.

#### **6. 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 IV of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by such CREST member of the number of Open Offer Shares they are entitled to apply for under their Open Offer Entitlement and should contact their CREST member should they not receive this information.

#### **7. 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 17 May 2019 and who have converted them to certificated form;
- Qualifying non-CREST Shareholders who bought Existing Ordinary Shares before 7.00 a.m. on 17 May 2019 but were not registered as the holders of those shares at the close of business on 17 May 2019; 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 Share Registrars Ltd on 01252 821390 from within the UK or +44 1252 821390 if calling from outside the UK. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9.00 a.m. to 5.30 p.m. (UK time) Monday to Friday (except English and Welsh public holidays). Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the proposals nor give any financial, legal or tax advice.

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

If you buy or have bought Existing Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer in respect of those Existing Ordinary Shares.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

#### **9. 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 you have applied for, except in the very limited circumstances which are set out in paragraph 4 of Part IV of this document.

**10. 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?**

Your entitlement to Open Offer Shares will be calculated at the Record Date. If the result is not a whole number, you will not receive an Open Offer Share in respect of the fraction of each Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number.

**11. I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 8 of the Application Form?**

If you want to spend more than the amount set out in Box 8 you should divide the amount you want to spend by 2,200 pence (being the price in pence of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares for which you should apply. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £500 you should divide £500 by 2,200 pence, which comes to 22.73. You should round that down to 22 to give you the number of Open Offer Shares for which, in this example, you can apply without exceeding your chosen amount. Write the total number of Open Offer Shares (in this example 22) in Box 4. To get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example 22) by 2,200 pence and then fill in that amount rounded down to the nearest whole penny (in this example being £484.00), in Box 5 and on your cheque or banker's draft accordingly.

You should note that the number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. If applications are received for more than the available number of Open Offer Shares, applications made under the Excess Application Facility will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders. Assuming that there are no Overseas Shareholders who have registered addresses in, or are residents in or citizens of a Restricted Jurisdiction, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility. Qualifying non-CREST Shareholders whose applications under the Excess Application Facility are so scaled back will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allotted to, them multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

If you want to spend less than the amount set out in Box 8, you should divide the amount you want to spend by 2,200 pence (being the price, in pence, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100 you should divide £100 by 2,200 pence. You should round that down to the nearest whole number (in this example, 4), to give you the number of shares you want to take up. Write that number (in this example, 4) in Box 2. Then to get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example, 4) by 2,200 pence and then fill in that amount rounded down to the nearest whole penny (in this example being £88.00) in Box 5 and on your cheque or banker's draft accordingly.

**12. 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 Existing Ordinary Shares directly and you sold some or all of your Existing Ordinary Shares before close of business on 17 May 2019, you should contact the buyer or the person/company through whom you sold your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sold any of your Existing Ordinary Shares on or after 7.00 a.m. on 17 May 2019, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

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

You should return your Application Form with a cheque or banker's draft drawn in pounds sterling on a bank or building society account in the UK in the reply-paid envelope enclosed (from within the United Kingdom). You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. Cheques should be drawn on a sole or joint personal account of the Qualifying Shareholder who is applying for the Open Offer Shares. The funds should be made payable to 'Share Registrars Ltd Receiving Agent Account'. In each case, the cheque should be crossed "A/C Payee only".

Payments via CHAPS, BACS or electronic transfer will not be accepted. Third party cheques may not be accepted with the exception of banker's drafts or building society cheques where the bank or building society has confirmed the name of the account holder (which must be the same name as appears on page 1 of the Application Form) on the back of the draft or cheque and have added their branch stamp.

**14. 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 Open Offer Entitlement, your proportionate ownership and voting interest in the Company will be reduced (in addition to the reduction caused by the Placing).

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

You should send your completed Application Form and monies by post in the enclosed reply paid envelope (from within the United Kingdom) by post or by hand (during normal business hours only) to Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR. You should allow at least four business days for delivery if using first class post or the reply-paid envelope within the United Kingdom. If you do not want to take up or apply for Open Offer Shares then you need take no further action.

**16. 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 your completed Application Form and cheque or banker's draft by 11.00 a.m. on 5 June 2019. You should allow at least four business days for delivery if using first-class post or the reply-paid envelope included with the Application Form, within the United Kingdom.

**17. I hold my Existing Ordinary Shares in certificated form. If I take up my entitlements, when will I receive the certificate representing my Open Offer Shares?**

It is expected that the Registrars will post all Open Offer Share certificates by 14 June 2019.

**18. What should I do if I think my holding of Existing Ordinary Shares (as shown in Box 6 on page 1 of the Application Form) is incorrect?**

If you bought or sold Existing Ordinary Shares shortly before the Record Date, your transaction may not have been entered on the register of members before the Record Date for the Open Offer. If you bought Existing Ordinary Shares before 7.00 a.m. on 17 May but were not registered as the holder of those shares on the Record Date for the Open Offer (close of business on 17 May 2019), you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. You will not be entitled to Open Offer Entitlements in respect of any Existing Ordinary Shares acquired on or after 7.00 a.m. on 17 May 2019.

**19. Will the Transaction affect dividends (if any) on the Existing Ordinary Shares?**

The New Shares will, when issued and fully paid, rank equally in all respects with Existing 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.

**20. Will I be taxed if I take up my entitlements?**

Information on taxation in the United Kingdom with regard to the Open Offer is set out in paragraph 6 of Part V of this document. This information is intended to be only a general guide to certain UK tax considerations and Shareholders who are in any doubt as to their tax position or who may be subject to tax in any other jurisdiction are strongly recommended to consult their own professional advisers.



**21. 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 resident or located in the United States or another 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 IV of this document.

**22. 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 (Box 13 on page 4 of the Application Form), and ensure they are delivered to CCSS in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this. If you have transferred your rights into the CREST system, you should refer to paragraph 4.2 of Part IV of this document for details on how to apply and pay for the Open Offer Shares.

**23. Do I need to comply with the Money Laundering Regulations (as set out in paragraph 5 of Part IV of this document)?**

If you are a Qualifying non-CREST Shareholder, you may not need to follow these procedures if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or United Kingdom regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Open Offer Entitlements as agent for one or more persons and you are not an EU or United Kingdom regulated financial institution. Qualifying non-CREST Shareholders and Qualifying CREST Shareholders should refer to paragraph 5 of Part IV of this document for a fuller description of the requirements of the Money Laundering Regulations.

## PART IV

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

As explained in Part I of this document, the Company is proposing to issue 2,050,000 Placing Shares pursuant to the Placing and up to a further 227,500 Open Offer Shares pursuant to the Open Offer.

Qualifying Shareholders are being offered the opportunity under the Open Offer to acquire Open Offer Shares at 2,200 pence per share, being the same price per share as in the Placing. The Placing Shares are not subject to clawback and do not form part of the Open Offer.

The Issue Price of 2,200 pence represents a discount of approximately 12.7 per cent. to the price of 2,520 pence per Existing Ordinary Share on 17 May 2019, being the Closing Price on the business day prior to the announcement of the Transaction, and a 2.6 per cent. discount to the 20 business day average Closing Price up to and including 17 May 2019. This document and, where relevant, the Application Form contain the formal terms and conditions of the Open Offer.

#### 2. The Open Offer

Subject to the terms and conditions set out below and in the Application Form, the Company invites Qualifying Shareholders to apply for Open Offer Shares at the Issue Price, payable in full in cash on application, free of all expenses, on the basis of:

##### **1 Open Offer Share for every 86.5021363 Existing Ordinary Shares**

held by them and registered in their names at close of business on 17 May 2019, the Record Date, and so in proportion to any other number of Existing Ordinary Shares then held.

A Qualifying Shareholder who holds Existing Ordinary Shares in certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating entitlements under the Open Offer.

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

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their Basic Entitlement, which, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 7 on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements credited to their stock account in CREST. The action to be taken in relation to the Open Offer depends on whether you have received an Application Form in respect of your Open Offer Entitlement under the Open Offer or have your Open Offer Entitlement credited to your stock account in CREST.

Qualifying Shareholders are also invited to apply for additional Open Offer Shares as an Excess Entitlement, up to the total number of Open Offer Shares available under the Open Offer. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be apportioned between those Qualifying Shareholders who have applied for Excess Entitlements at the sole and absolute discretion of the Board, provided that no Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he or she has specified on the Application Form or through CREST.

If you have received an Application Form with this document please refer to paragraph 4.1 of this Part IV.

If you hold your Existing Ordinary Shares in CREST and have received a credit of Open Offer Entitlements to your CREST stock account, please refer to paragraph 4.2 of this Part IV and also to the CREST Manual for further information on the CREST procedures referred to below.

**The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements (in respect of Qualifying CREST Shareholders) may be admitted 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. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should 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 or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.**

The Existing Ordinary Shares are admitted to AIM. Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission of the Open Offer Shares will become effective on 7 June 2019 and that dealings in the Open Offer Shares will commence at 8.00 a.m. on that date.

The Existing Ordinary Shares are already enabled for settlement in CREST. No further application for admission to CREST is required for the Open Offer Shares; all such shares, when issued and fully paid, may be held and transferred by means of CREST as Ordinary Shares.

Application will be made for the Open Offer CREST Entitlements to be enabled for settlement in CREST. The conditions to such admission having already been met, the Open Offer Entitlements are expected to be admitted to CREST with effect from 21 May 2019. The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued. Further details of the rights attaching to the Existing Ordinary Shares are set out in the Articles which are available on the Company's website (<https://www.abdynamics.com>).

### **3. Conditions of the Open Offer**

The Open Offer is conditional, *inter alia*, on:

- (i) the passing of Resolution 1 at the General Meeting;
- (ii) the Placing and Open Offer Agreement not being terminated prior to Admission of the Placing Shares and becoming unconditional in all respects;
- (iii) Admission of the Placing Shares becoming effective on or before 8.00 a.m. on 7 June 2019 (or such later date and/or time as the Company, Cantor Fitzgerald and Cairn may agree, being no later than 28 June 2019); and
- (iv) Admission of the Open Offer Shares becoming effective on or before 8.00 a.m. on 7 June 2019 (or such later date and/or time as the Company, Cantor Fitzgerald and Cairn may agree, being no later than 28 June 2019).

If these and the other conditions to the Open Offer are not satisfied or waived (where capable of waiver), the Open Offer will lapse and will not proceed and any applications made by Qualifying Shareholders will be rejected. In these circumstances, application monies received by the Receiving Agent in respect of Open Offer Shares will be returned (at the applicant's sole risk), without payment of interest, as soon as reasonably practicable thereafter. Lapsing of the Open Offer cannot occur after dealings in the Open Offer Shares have begun.

The allotment and issue of the Open Offer Shares is conditional on Admission of the Placing Shares but the Placing is not conditional on Admission of the Open Offer Shares; if the Placing does not complete, then the Open Offer will also not complete. However, if the Open Offer does not complete, then this will not prevent the Placing from completing.

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

If you are in any doubt as to the action you should take, or the contents of this document, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent adviser duly authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether at the relevant time they have an Application Form in respect of their entitlement under the Open Offer or they have Open Offer Entitlements credited to their CREST stock account in respect of such entitlement.

If a Qualifying CREST Shareholder is a CREST sponsored member they should refer to their CREST sponsor if they wish to apply for all or some of their entitlement under the Open Offer, 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 of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

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

#### **4.1 If you have an Application Form in respect of your Open Offer Entitlement**

##### **4.1.1 General**

Subject as provided in paragraph 6 of this Part IV 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 your name on the Record Date. It also shows the number of Open Offer Shares for which you may apply pursuant to your Basic Entitlement (on an initial *pro rata* basis) as shown by the total number of Open Offer Shares allocated to you. You may apply for less than your initial *pro rata* entitlement should you wish to do so. You may also apply for additional Open Offer Shares by completing Boxes 3 and 4 on the Application Form relating to your Excess Entitlement.

Qualifying non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 227,500, applications for Open Offer Shares will be scaled back at the sole and absolute discretion of the Directors. The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying non-CREST Shareholders.

##### **4.1.2 Market claims**

Applications for the 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 the Open Offer by the London Stock Exchange, being 20 May 2019. Application Forms may be split up to 3.00 p.m. on 3 June 2019.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to 7.00 a.m. on 20 May 2019, being the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, should consult his 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 from him by the transferee pursuant to the rules of the London Stock Exchange. Qualifying non-CREST Shareholders who have sold all of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into the United States, Australia, Canada, Japan, the Republic of South Africa or any other 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 procedures set out in paragraph 4.2 below.

#### 4.1.3 *Application procedures*

If you are a Qualifying non-CREST Shareholder and wish to apply for all or some of your entitlement to Open Offer Shares under the Open Offer you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance, by post to Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, GU9 7DR, or by hand (during normal business hours only) to Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, so as to arrive no later than 11.00 a.m. on 5 June 2019. A reply-paid envelope is enclosed for use by Qualifying non-CREST Shareholders in connection with the Open Offer. Please note that the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to Open Offer Shares under the Open Offer.

If any Application Form is sent by first class post or using the reply-paid envelope within the United Kingdom, Qualifying non-CREST Shareholders are recommended to allow at least four business days for delivery. The Receiving Agent, on the Company's behalf, may elect to accept Application Forms and remittances after 11.00 a.m. on 5 June 2019 in respect of those bearing a post mark of before that date and time. The Receiving Agent may also (on behalf of the Company) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

The Receiving Agent, on behalf of the Company, also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 5 June 2019 from an authorised person (as defined in FSMA) specifying the number of Open Offer Shares applied for, and undertaking to lodge the relevant Application Form in due course but, in any event, within two business days.

#### 4.1.4 *Payments*

All payments must be in pounds sterling and cheques or banker's drafts should be made payable to 'Share Registrars Limited Receiving Agent Account' and crossed "A/C payee only". Cheques or banker's drafts must be drawn on an account at a branch of a bank or building society in the British Isles 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 and must bear the appropriate sort code in the top right hand corner. Eurocheques will not be accepted. Cheques should be drawn on the personal account to which you have sole or joint title to funds. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the bank or building society has confirmed the name of the account holder (which should match the name detailed on page 1 of the Application Form) and have added the branch stamp.

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 allowed on payments made before they are due and any interest earned on such payments will accrue for the benefit of the Company. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company and/or the Receiving Agent (on the Company's behalf) may elect in their sole and absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured. Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that the Open Offer does not become unconditional the Open Offer will lapse and application monies will be returned to relevant applicants (at the applicants' risk) without interest either by first class post as a cheque 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 as soon as practicable. The interest earned on monies held in the separate bank account will be retained for the benefit of the Company.

#### 4.1.5 *Effect of application*

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. By completing and delivering an Application Form, you (as the applicant(s)):

- agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- confirm that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any such information or representation not so contained; and
- represent and warrant that if you have received some or all of your Open Offer Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim.

If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should take no action and not complete or return the Application Form.

If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to completion of the Application Form by Qualifying non-CREST Shareholders under the Open Offer should be addressed to Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, telephone 01252 821390 or, if telephoning from outside the UK, on +44 1252 821390. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays). Calls from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. The helpline cannot provide advice on the merits of the proposals nor give any financial, legal or tax advice.

#### 4.2 ***If you have 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 IV in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive credits to his stock account in CREST of his Open Offer Entitlements equal to the number of Open Offer Shares for which he is entitled to apply under the Open Offer. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlements will therefore also be rounded down. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility.

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

If for any reason the Open Offer Entitlements cannot be enabled for settlement in CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 31 May 2019 or such later time as the Company (with Cantor Fitzgerald's consent) may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited (or due to be credited) to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive an Application Form.

CREST members who wish to apply for some or all of their entitlements to Open Offer Shares 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 Share Registrars Ltd on 01252 821390 (if calling from within the UK) or +44 1252 821390 (if calling from outside the UK). Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays). Calls may be recorded and monitored randomly for security and training purposes. 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 will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of 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 Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

#### 4.2.3 *USE instructions*

CREST members who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event (“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 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 instructions in respect of the Basic Entitlement*

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 Basic Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Basic Entitlement. This is GB00BJV3M931;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent. This is 7RA36;
- (vi) the member account ID of the 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 June 2019; and
- (ix) the corporate action number for the Open Offer. This will be available on viewing the relevant corporate action details in CREST.

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 June 2019.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the contact name and telephone number (in the free format shared note field); and 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 June 2019 in order to be valid is 11.00 a.m. on that day.

#### 4.2.5 *Content of USE instruction in respect of Excess 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 Excess Entitlements for which application is being made;
- (ii) the ISIN of the Excess Entitlements. This is GB00BJV3MB52;
- (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 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 Excess Entitlements referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 5 June 2019; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

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 June 2019.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the contact name and telephone number (in the free format shared note field); and 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 June 2019 in order to be valid is 11.00 a.m. on that day.

#### 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 set out in an 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 held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer 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 so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 5 June 2019.

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 CCSS, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 31 May 2019, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 30 May 2019, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements 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 prior to 11.00 a.m. on 5 June 2019.

#### 4.2.7 *Validity of application*

A 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 June 2019 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 June 2019. 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 a 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;
- (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;
- (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(s) refunding any unutilised sum to the CREST member in question.

#### 4.2.10 *Effect of a valid application*

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

- 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 payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, satisfy the obligation of the CREST member to pay to the Company the amount payable on application);

- request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles;
- agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- represent and warrant that he or she is not and nor is he or 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 Section 93 (Depository Receipts) or Section 96 (Clearance Services) of the Finance Act 1986;
- confirm that in making such application he or she is not relying on any information in relation to the Company other than that contained in this document and agrees that no person responsible solely or jointly for this document or any part of it or involved in the preparation thereof shall have any liability for any such other information and further agree that having had the opportunity to read this document, he will be deemed to have had notice of all the information concerning the Company contained therein; and
- represent and warrant that he or she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim.

4.2.11 *The Company's discretion as to rejection and validity of applications. The Company may in their sole and absolute discretion:*

- 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 IV;
- 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 a USE instruction and subject to such further terms and conditions as the Company may determine;
- treat a properly authenticated dematerialised instruction (in this sub-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 have 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
- 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 a 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 Registrar in connection with CREST.

4.2.12 *Lapse of the Open Offer*

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 7 June 2019 or such later time and date as Cantor Fitzgerald, the Company and Cairn may agree, being not later than 28 June 2019, 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. The interest earned on such monies, if any, will be retained for the benefit of the Company.

## **5. Money Laundering Regulations**

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

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its sole and absolute discretion, verification of the identity of the person by whom or on whose behalf an 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 the Open Offer Shares as referred to in the Application Form (for the purposes of this paragraph 5.1 (the “relevant shares”)) shall thereby be deemed to agree to provide the Receiving Agent and/or the Company with such information and other evidence as they or either of them may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, and the verification of identity requirements have not been satisfied (which the Receiving Agent shall in its sole and absolute discretion determine), the Company may, in its sole and absolute discretion, and without prejudice to any other rights of the Company, treat the application as invalid or may confirm the allotment of the relevant shares to the applicant but (notwithstanding any other term of the Open Offer) the relevant shares will not be issued to the applicant unless and until the verification of identity requirements have been satisfied in respect of that application (which the Receiving Agent shall in its sole and absolute discretion determine).

If the application is treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is despatched to the applicant, the Company will be entitled to make arrangements (in its sole and absolute discretion as to manner, timing and terms) to sell the relevant shares (and for that purpose the Company will be expressly authorised to act as agent of the applicant). Any proceeds of sale (net of expenses) of the relevant shares which shall be issued to and registered in the name of the purchasers or an amount equivalent to the original payment, whichever is the lower, will be held by the Company on trust for the applicant, subject to the requirements of the Money Laundering Regulations being satisfied. The Receiving Agent is entitled, in its sole and absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied. Neither the Company nor the Receiving Agent 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 any such discretion or as a result of any sale of relevant shares. Submission of an Application Form with the appropriate remittance will constitute a warranty from the applicant that the Money Laundering Regulations will not be breached by application of such remittance. If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in your application being treated as invalid or in delays in the despatch of share certificates or in crediting CREST stock accounts.

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 EU Council Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (no. 2015/859/EU));
- (ii) if the applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (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 name of such applicant.

Third party cheques may not be accepted with the exception of banker’s drafts or building society cheques where the bank or building society has inserted details of the name of the account holder

(which must be the same name as appears on page 1 of the Application Form) on the draft or cheque and have added either their branch stamp or have provided a supporting letter confirming the source of funds. In other cases the verification of identity requirements may apply. The following guidance is provided in order to assist in satisfying the verification of identity requirements and to reduce the likelihood of difficulties or delays and potential rejection of an application (but does not limit the right of the Receiving Agent to require verification of identity as stated above). Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- (A) if payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or banker's draft, by the building society or bank inserting details of the name of the account holder (which must be the same name as appears on page 1 of the Application Form) on the cheque or draft and adding either their branch stamp or providing a supporting letter confirming the source of funds; or
- (B) 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, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United States of America and, by virtue of their membership of the gulf co-operation council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation that it has that status with the Application Form and written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to the Receiving Agent or the relevant authority. In order to confirm the acceptability of any written assurance referred to in this paragraph B or any other case, the applicant should contact the Receiving Agent; or
- (C) if (an) Application Form(s) is/are in respect of relevant shares is/are lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

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

Submission of a 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 sole and 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**

### 6.1 **General**

The making of the Open Offer to Overseas Shareholders may be affected by the laws or regulatory requirements of the relevant jurisdiction. Overseas Shareholders who are in any doubt in this respect should consult their professional advisers. No person receiving a copy of this document and/or an Application Form and/or receiving a credit of 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, nor should he in any event use such Application Form or credit of 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 such Application Form or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used without contravention of any legislation or other local regulatory requirements. Receipt of this document and/or an Application Form or the crediting of Open Offer Entitlements to a stock account in CREST does not constitute an invitation or offer to Overseas Shareholders in the territories in which it would be unlawful to make an invitation or offer and in such circumstances this document and/or any Application Forms are sent for information only.

It is the responsibility of any person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST outside the United Kingdom and wishing to make an application for any Open Offer Shares to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving an Application Form and/or receiving credits of Open Offer Entitlements to a stock account in CREST should not, in connection with the Open Offer, distribute or send the Application Form or transfer the Open Offer Entitlements into any jurisdiction when to do so would or might contravene local securities laws or regulations, including the United States and the other Restricted Jurisdictions.

If an Application Form or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such jurisdiction or by the agent or nominee of such person, he or she must not seek to take up the Open Offer Shares except pursuant to an express agreement with the Company. Any person who does forward an Application Form or transfer the Open Offer Entitlements into any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph 6. The Company, Cantor Fitzgerald and the Receiving Agent reserve the right to reject an Application Form or transfer of Open Offer Entitlements from or in favour of Shareholders in any such jurisdiction or persons who are acquiring Open Offer Shares for resale in any such jurisdiction.

The Company, Cantor Fitzgerald and the Receiving Agent reserve the right in their absolute discretion to treat as invalid any application for Open Offer Shares under the Open Offer if it appears to the Company, Cantor Fitzgerald and the Receiving Agent and their agents that such application or acceptance thereof may involve a breach of the laws or regulations of any jurisdiction or if in respect of such application the Company, Cantor Fitzgerald and the Receiving Agent have not been given the relevant warranty concerning overseas jurisdictions set out in the Application Form or in this document, as appropriate. All payments under the Open Offer must be made in pounds sterling.

## 6.2 **United States**

The Open Offer Shares and the Open Offer Entitlements have not been and will not be registered under the Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States and, accordingly, subject to certain exceptions, may not be offered, sold, taken up, delivered or transferred in or into the United States. Subject to certain exceptions, Qualifying Shareholders with registered addresses, or who are resident or located, in the United States, may not participate in the Open Offer. Neither this document nor the Application Form constitutes or will constitute or form any part of an offer or an invitation to apply for or an offer or an invitation to acquire any Open Offer Entitlements or Open Offer Shares in the United States. An Application Form will not be sent to any Shareholder located in or having a registered address in the United States. Unless otherwise agreed by the Company in its sole and absolute discretion, Application Forms sent from or post-marked 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 outside the United States. No Open Offer Entitlements will be credited to a stock account in CREST of any Qualifying Shareholder with a registered address in the United States.

Unless otherwise agreed by the Company at its sole and absolute discretion, any person completing an Application Form or applying for Open Offer Shares will be deemed to have represented, warranted and agreed that it and the person(s) if any, for whose account it is subscribing for Open Offer Shares (i) is not resident or located in the United States; (ii) is subscribing for Open Offer Shares only in an "offshore transaction" as defined in, and in accordance with, Regulation S under the Securities Act (as promulgated under the Securities Act); (iii) is not subscribing for the Open Offer Shares as a result of any "directed selling efforts" as defined in Regulation S; and (iv) is not acquiring the Open Offer Shares with a view to, or for the offer or sale in connection with, any distribution thereof, directly or indirectly, that would be in violation of the securities laws of the United States or any state thereof.

In addition, until 40 days after the commencement of the Open Offer, any offer, sale or transfer of the Open Offer Shares within the United States by a dealer (whether or not participating in the Open Offer) may violate the registration requirements of the US Securities Act.

### 6.3 **Restricted Jurisdictions**

Due to restrictions under the securities laws of the Restricted Jurisdictions, and subject to certain exceptions, persons who have registered addresses in, or who are located, resident or ordinarily resident in, or citizens of, any Restricted Jurisdictions 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. The Open Offer Shares have not been, and will not be, registered under the relevant laws of any Restricted Jurisdictions or any state, province or territory of them and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdictions or to, or for the account or benefit of, any person with a registered address in, or who is located, resident or ordinarily resident in, or a citizen of, any Restricted Jurisdictions except pursuant to an applicable exemption. Subject to certain exceptions, no offer of Open Offer Shares is being made by virtue of this document and/or the Application Form into any Restricted Jurisdictions. Unless otherwise agreed by the Company at its discretion, any person completing an Application Form or applying for Open Offer Shares will be deemed to have represented that such person (i) is not resident or located in the United States or any other Restricted Jurisdiction; (ii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Open Offer Shares; and (iii) 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 into or within the United States or any of the other Restricted Jurisdictions.

### 6.4 **Jurisdictions other than the Restricted Jurisdictions**

Application Forms will be sent to Qualifying non-CREST Shareholders and Open Offer Entitlement(s) will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or any other Restricted Jurisdiction 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 document and, if relevant, the Application Form.

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

## 7. **Taxation**

If you are in any doubt about your tax position or are subject to a tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser without delay.

## 8. **Admission, settlement, dealings and publication**

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to AIM, subject to the fulfilment of the conditions of the Open Offer. It is expected that Admission of the Open Offer Shares to trading on AIM will become effective and that dealings therein for normal settlement will commence at 8.00 a.m. on 7 June 2019. In the case of Qualifying Shareholders wishing to hold Open Offer Shares in certificated form, definitive certificates in respect of the Open Offer Shares will be issued free of stamp duty and are expected to be despatched by post by 14 June 2019. No temporary documents of title will be issued and, pending such despatch, transfers will be certified against the share register. Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 5 June 2019 (the latest time and date for applications under the Open Offer). If the conditions to the Open Offer described in this document 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 the day on which such conditions are satisfied. On this day, the Receiving Agent will credit the appropriate stock accounts of such persons with such persons' entitlement to Open Offer Shares with effect from Admission of the Open Offer Shares (expected to be 7 June 2019). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given. Notwithstanding any other provision of this document, the Company (with the consent of Cantor Fitzgerald) reserves the right to send you an Application Form instead of crediting the relevant stock account with 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.

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 the Application Form. The completion and results of the Open Offer will be announced and made public through an announcement on a Regulatory Information Service as soon as possible after the results are known, expected to be on or about 6 June 2019.

## **9. Governing law**

The terms and conditions of the Open Offer as set out in this Part IV and each Application Form 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 document and an Application Form. By taking up their entitlements under the Open Offer in accordance with the instructions set out in this document and (where applicable) an 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.

## **10. Other information**

Your attention is drawn to the letter from your Chairman which is set out in Part I of this document which contains, *inter alia*, information on the reasons for the Placing and the Open Offer, to the Risk Factors in Part II of this document and to the further information set out in Part V of this document.

## **11. Dilution**

The share capital of the Company in issue at the date of this document will be increased by approximately 11.6 per cent. as a result of the Transaction (assuming the New Shares are subscribed in full and assuming no further options are exercised under the Option Schemes). Qualifying Shareholders who do not take up any of their Basic Entitlement will suffer a reduction of approximately 11.6 per cent. in their proportionate ownership and voting interest in the ordinary share capital of the Company as represented by their holding of Ordinary Shares immediately following Admission of the New Shares. Qualifying Shareholders who take up all or part of their Open Offer Entitlement will still suffer dilution upon Admission of the New Shares due to completion of the Placing.

## PART V

### ADDITIONAL INFORMATION

#### 1. Responsibility Statement

The Directors, whose names and positions appear in paragraph 2 below, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors' interests

As at 17 May 2019 (being the latest practicable date prior to the publication of this document) and, subject to and immediately following Admission of the New Shares, the interests of the Directors (or persons connected with the Directors within the meaning of sections 252-255 of the Act) in the issued share capital of the Company are as follows:

<i>Name</i>	<i>At the date of this Circular</i>		<i>On Admission*</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares</i>
Anthony Best <sup>1</sup>	6,047,107	30.73%	6,047,107	27.54%
James Routh	Nil	–	Nil	–
Robert Hart	30,000	0.15%	30,000	0.14%
Matthew Hubbard <sup>2</sup>	107,649	0.55%	107,649	0.49%
Graham Eves	Nil	–	Nil	–
Richard Hickinbotham	Nil	–	Nil	–
Bryan Smart <sup>3</sup>	655	0.00%	655	0.00%

<sup>1</sup> at the date of this document, Anthony Best is, and immediately following Admission of the New Shares he will be, deemed interested in the 1,500,000 Ordinary Shares held by his wife, Naemi Best, which are included in the figures set out beside his name in the table above.

<sup>2</sup> at the date of this document, Matthew Hubbard is, and immediately following Admission of the New Shares he will be, deemed interested in the 54,291 Ordinary Shares held by his partner, Lynn Fenner, which are included in the figures set out beside his name in the table above.

<sup>3</sup> at the date of this document, Bryan Smart is, and immediately following Admission of the New Shares he will be, deemed interested in 655 Ordinary Shares held by his wife, which are included in the figures set out beside his name in the table above.

\* assuming full take up of all Ordinary Shares available under the Open Offer, the Placing Shares are issued and that there is no further exercise of options under the Option Schemes.

#### 3. Related Party Transactions

Castlefield Fund Partners Limited, as a substantial shareholder of the Company, is subscribing for 182,000 Placing Shares, which constitutes a related party transaction under the AIM Rules.

Accordingly, the Directors of the Company consider, having consulted with the Company's nominated adviser, that the terms of Castlefield Fund Partners Limited's participation in the Transaction are fair and reasonable insofar as the Shareholders are concerned.

#### 4. Placing and Open Offer Agreement

On 20 May 2019 the Company entered into a placing and open offer agreement with Cantor Fitzgerald and Cairn, under which Cantor Fitzgerald agreed to use its reasonable endeavors, as agent for the Company, to procure Placees for the Placing Shares at the Issue Price on the terms of the Placing and Open Offer Agreement. The Placing and Open Offer Agreement contains warranties from the Company in favour of Cantor Fitzgerald and Cairn in relation to, *inter alia*, the accuracy of the information in this and other



documents and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Cantor Fitzgerald and Cairn in relation to certain liabilities it may incur in respect of the Placing. Cantor Fitzgerald has the right, after having to the extent practicable in the circumstances consulted with the Company and Cairn, to terminate the Placing and Open Offer Agreement in certain circumstances, in particular in the event of a breach of the warranties. The Placing and Open Offer Agreement is conditional, *inter alia*, upon the passing of Resolution 1 at the General Meeting and it not being terminated prior to Admission of the Placing Shares and being otherwise unconditional in all respects and Admission of the Placing Shares taking place no later than 8.00 a.m. on 7 June 2019 (or such later time and/or date as Cantor Fitzgerald, the Company and Cairn may agree, not being later than 8.00 a.m. on 28 June 2019).

The allotment and issue of the Open Offer Shares is conditional on Admission of the Placing Shares but the Placing is not conditional on Admission of the Open Offer Shares; if the Placing does not complete, then the Open Offer will also not complete. However, if the Open Offer does not complete, then this will not prevent the Placing from completing.

## **5. Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which, during the 12 month period prior to the publication of this document, may have, or have had, significant effects on the Company or the Company's financial position or profitability.

## **6. Taxation**

Shareholders who are in any doubt as to their tax position or who may be subject to tax in any other jurisdiction are strongly recommended to consult their own professional advisers.

No UK stamp duty will be payable on the issue by the Company of New Shares.

Stamp duty and stamp duty reserve tax ("**SDRT**") is not chargeable on transfers of securities admitted to trading on certain recognised growth markets, which currently includes AIM, provided they are not listed on a recognised stock exchange. Accordingly, transfers of New Shares after issue should be exempt from stamp duty and SDRT.

## **7. Availability of this document**

Copies of this document will be available free of charge at the registered office of the Company and on the Company's website at <https://www.abdynamics.com> during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the date of Admission of the Placing Shares.

# AB Dynamics plc

*(Incorporated and registered in England and Wales under number 08393914)*

(the “Company”)

## NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the Company will be held at the offices of the Company at Middleton Drive, Bradford on Avon, Wiltshire, BA15 1GB, on 6 June 2019 at 10.00 a.m. where you will be asked to consider and, if thought fit, pass the following resolutions of which resolutions 1 and 3 will be proposed as special resolutions and resolution 2 will be proposed as an ordinary resolution.

### SPECIAL RESOLUTION

1. **THAT:**

- 1.1 in addition to all existing authorities, the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “Act”) to exercise all powers of the Company to allot shares and/or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £22,775.00 in connection with the Transaction described in the circular to shareholders dated 20 May 2019 (the “Circular”) subject to such exclusions or other arrangements as the Directors consider expedient in relation to fractional entitlements, legal, regulatory or practical problems under the laws of, or the requirements of any regulatory body or stock exchange in, any territory, or any other matter provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the date which is three months after the date of passing of this resolution, except that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or such rights to be granted after such expiry and the Directors may allot shares or grant such rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired; and
- 1.2 in addition to all existing authorities, the Directors be empowered pursuant to section 571 of the Act to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the authority conferred on them by resolution 1.1 above, as if section 561 of that Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities having an aggregate nominal value not exceeding the sum of £22,775.00 pursuant to the Transaction and subject to such exclusions or other arrangements as the Directors consider expedient in relation to fractional entitlements, legal, regulatory or practical problems under the laws of, or the requirements of any regulatory body or stock exchange in, any territory, or any other matter, provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the date which is three months after the date of passing of this resolution, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

### ORDINARY RESOLUTION

2. **THAT**, subject to and conditional on both resolution 1 being passed and on Admission (as defined in the Circular) of any New Shares (as defined in the Circular), in substitution for all existing powers (other than those conferred by resolution 1) and without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to all existing authorities, the Directors be generally and unconditionally authorised pursuant to section 551 of the Act to exercise all powers of the Company to allot shares and/or grant rights to subscribe for, or convert any securities into, shares of the Company up to an aggregate nominal amount of £73,189.12 being approximately one-third of the Enlarged Share Capital (as defined in the Circular) (assuming the New Shares are issued in full and there are no further exercises of options under the Option Schemes (as defined in the Circular) prior to Admission of the New Shares) subject to such exclusions or other arrangements as the Directors consider expedient in relation to fractional entitlements, legal, regulatory or practical problems under

the laws of, or the requirements of any regulatory body or stock exchange in, any territory, or any other matter provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this resolution (if earlier) except that the Directors may before the expiry of such period make an offer or agreement which would or might require shares to be allotted or rights granted after the expiry of such period and the Directors may allot shares or grant rights in pursuance of that offer or agreement as if this authority had not expired.

### **SPECIAL RESOLUTION**

3. **THAT**, subject to and conditional on both resolutions 1 and 2 being passed and on Admission of any New Shares and in substitution for all existing powers (other than those conferred by resolution 1) and without prejudice to any allotment of shares or grant of rights already made, offered or agree to be made pursuant to existing authorities, the Directors be empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 2 above as if section 561 of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities as follows:

3.1 the allotment of equity securities in connection with any offer by way of rights or an open offer of relevant equity securities where the equity securities respectively attributed to the interests of all holders of relevant equity securities are proportionate (as nearly as may be) to the respective numbers of relevant equity securities held by them and subject to such exclusions or other arrangements as the Directors consider expedient in relation to fractional entitlements, legal, regulatory or practical problems under the laws of, or the requirements of any regulatory body or stock exchange in, any territory, or any other matter; and

3.2 otherwise than pursuant to paragraph 3.1 above, up to an aggregate nominal amount of £21,956.74 being approximately 10 per cent. of the Enlarged Share Capital (as defined in the Circular) (assuming the New Shares are issued in full and there are no further exercises of options under the Option Schemes (as defined in the Circular) prior to Admission of the New Shares),

provided that the powers conferred by of this resolution 3 shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on a date which is the earlier of 15 months from the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company (the "**Section 570 Period**") but so that the Company may at any time prior to the expiry of the Section 570 Period make an offer or agreement which would or might require equity securities to be allotted pursuant to these authorities after the expiry of the Section 570 Period and the Directors may allot equity securities in pursuance of such offer or agreement as if the authorities hereby conferred had not expired.

20 May 2019

By order of the Board

Robert Hart  
*Company Secretary*

*Registered office:*

Middleton Drive,  
Bradford on Avon,  
Wiltshire,  
BA15 1GB

Registered in England and Wales No. 08393914

## Notes

1. Only holders of ordinary shares are entitled to attend and vote the General Meeting. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the meeting. A member 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 or shares held by the relevant member. A proxy need not be a member of the Company.
2. A form of proxy is enclosed with this Notice and instructions for completion are shown on the form. To appoint a proxy, the form of proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be completed and deposited with the Company's registrars, Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by fax on 01252 719 232 or by scan and email to [voting@shareregistrars.uk.com](mailto:voting@shareregistrars.uk.com), in each case so as to arrive no later than 10.00 a.m. on 4 June 2019, being 48 hours (ignoring any part of any day that is not a working day) before the start of the General Meeting. Completion of a form of proxy (or any CREST Proxy Instruction, as described in paragraphs 5 to 8) will not preclude members attending and voting in person at the General Meeting, should they so wish.
3. In the case of joint shareholders, the signature of the senior shareholder (seniority to be determined by the order in which the names stand in the register of members) shall be accepted to the exclusion of all other joint holders. The names of all joint shareholders should be stated at the top of the form.
4. In order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 10.00 a.m. on 4 June 2019, being 48 hours (ignoring any part of any day that is not a working day) before the start of the General Meeting, or, in the event of any adjournment, 48 hours before the start of the adjourned meeting (ignoring any part of any day that is not a working day). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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.
6. 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 ("**Euroclear**") specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA36) by the latest time for the receipt of proxy appointments specified in paragraph 2 above. 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 Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, 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 providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. 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.
9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the powers as a member provided that no more than one corporate representative exercises powers over the same share.
10. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
11. As at 17 May 2019 (being the last business day prior to the publication of this Notice), the Company's issued ordinary share capital consisted of 19,679,236 ordinary shares of 1 penny each, carrying one vote each. Therefore, the total voting rights in the Company as at 17 May 2019 were 19,679,236.
12. A copy of this Notice, and other information required by section 311A of the Act, can be found at [www.abddynamics.com](http://www.abddynamics.com).
13. You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice or in any related documents (including the Chairman's letter and form of proxy) to communicate with the Company for any purposes other than those expressly stated.

14. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

