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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION 2014/596/EU. IN ADDITION, MARKET SOUNDINGS WERE TAKEN IN RESPECT OF THE MATTERS CONTAINED IN THIS ANNOUNCEMENT, WITH THE RESULT THAT CERTAIN PERSONS BECAME AWARE OF SUCH INSIDE INFORMATION. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN AND SUCH PERSONS SHALL THEREFORE CEASE TO BE IN POSSESSION OF INSIDE INFORMATION.

30 September 2019

Directa Plus plc
("Directa Plus" or the "Company")

**Proposed acquisition of 51 per cent. of Setcar S.A
Placing, Open Offer and Notice of General Meeting**

Directa Plus (AIM: DCTA), a leading producer and supplier of graphene nanoplatelets based products for use in consumer and industrial markets, today announces that it has entered into a conditional agreement to acquire 51 per cent. of the issued share capital of Setcar S.A. ("Setcar"), a Romanian waste management and decontamination services business, for a total cash consideration (together with its acquisition partner, GVC) of €4.1 million, (the "Acquisition").

In addition the Company announces a conditional placing of new ordinary shares in the Company and the launch of an open offer to raise up to £8.24 million before expenses.

Acquisition highlights

- Directa Plus has today agreed to acquire 51 per cent. of Setcar.
- Setcar is being jointly acquired with GVC Investment Company Limited, a company owned by the ultimate beneficial owner of GSP Group, a leading provider of offshore integrated services for the oil and gas industry with rigs in operation in Romania, Turkey, Greece and Mexico, who have today agreed to acquire 47.03 per cent. of Setcar.
- The total consideration payable by the Company and GVC, in proportion to their shareholdings in Setcar, is €4.1 million. An existing shareholder in Setcar will remain a minority shareholder and immediately following Completion will hold 1.97 per cent.
- Privately owned Setcar, established in 1994, is a highly regarded environmental remediation services company based in Braila, Romania, and operating in the Black Sea region.
- Setcar has been a commercial partner of Directa Plus since 2014 and has contributed to the industrial development of Grafysorber mobile decontamination units.
- For the year ended 31 December 2018, in accordance with Romanian GAAP, Setcar reported audited revenues of €3.96 million and EBITDA of €0.25 million.

Placing highlights

Directa Plus has conditionally raised approximately £7.24 million before expenses by the placing of 9,648,000 Placing Shares at a price of 75 pence per Placing Share.

The Company is also making an Open Offer, for up to 1,345,169 million new Ordinary Shares, to raise up to approximately £1 million, on the basis of 1 Open Offer Share for every 38 Existing Ordinary Shares held by Qualifying Shareholders at the Record Date. The Open Offer will provide Qualifying Shareholders with the opportunity to subscribe for new Ordinary Shares from the date of this announcement to 17 October 2019.

The Company intends to use the proceeds of the Placing as follows:

- €2.1 million for the acquisition of 51 per cent. of Setcar;
- €1.3 million to invest in revenue growth in the environmental sector and applications development;
- €1.0 million to improve the G+ production facility in order to deliver the on-going reduction of production cost, increased production capacity and automation;
- €1.4 million to fund research and development activities on the improvement of G+ applications in key markets, to develop new IP and to maintain the Company's existing patents portfolio; and
- €2.44 million for general working capital.

In addition, any further monies received under the Open Offer will be used to further support the Company's strategy as well as for general working capital purposes.

The Placing and the Open Offer are conditional, amongst other matters, on the passing of the Resolutions respectively at the General Meeting to be held at 11 a.m. on 18 October 2019 at the offices of Directa Plus plc, 3rd floor, 11-12 St. James's Square, London, SW1Y 4LB at which the resolutions required to give effect to the Placing and Open Offer will be proposed.

The Company intends to publish the Circular setting out details of the Acquisition. Placing, the terms and conditions of the Open Offer and the Notice of General Meeting together with application forms for the Open Offer later today. The Circular will be available at this time on the Company's website at www.directa-plus.com.

Giulio Cesareo, Chief Executive Officer of Directa Plus, commented:

"This is a transformational transaction for Directa Plus. Just as we are seeking to do in textiles, we are now proposing to take more control of the environmental supply chain to capture maximum value from the commercial offering made possible by our Grafysorber technology.

"We are acquiring the expertise, the engineering ingenuity and the ability to operate from a well-established service provider which will drastically reduce the time to capture a share of the large global market for hydrocarbon remediation and recovery. Setcar is being jointly acquired with GVC, a company owned by the ultimate beneficial owner of GSP Group. Our Industrial partner will bring us important commercial relationships which will enable us to enter and grow in this market."

This summary should be read in conjunction with the full text of the following announcement.

For further information please visit <http://www.directa-plus.com/> or contact:

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About Directa Plus

Our focus is principally on the two sectors in which we have strong commercial advantage through developed and launched products and a technological lead: environmental (based on our Grafysorber® product) and textiles (based on our G+ products). In addition, we will continue to pursue opportunities in elastomers and composites (including tyres and asphalt), also using our G+ products. All our products are hypoallergenic, non-toxic and sustainably produced.

**Proposed Acquisition of 51 per cent. of Setcar S.A.
Placing of 9,648,000 new Ordinary Shares
Open Offer of up to 1,345,169 new Ordinary Shares in each case at 75 pence per share and
Notice of General Meeting**

1. Introduction

Directa Plus announced today that it has conditionally agreed to acquire 51 per cent. of the issued share capital of Setcar S.A., a Romanian waste management and decontamination services business, for a total cash consideration (together with its acquisition partner, GVC) of €4.1 million.

The Company has also announced today a Fundraising to raise a total of up to approximately £8.24 million (before expenses) by way of:

- a Placing of 9,648,000 new Ordinary Shares at the Issue Price to Placees to raise gross proceeds of £7.24 million. The Placing is conditional, inter alia, upon Shareholders approving the Resolutions at the General Meeting and on the Placing Agreement not having been terminated in accordance with its terms. The Conditional Placing is also dependent on the occurrence of Admission; and
- an Open Offer of up to 1,345,169 new Ordinary Shares at the Issue Price to Qualifying Shareholders to raise net proceeds of up to approximately £1 million on the basis of 1 Open Offer Share for every 38 Existing Ordinary Shares held on the Record Date, at the Issue Price, payable in full at the time of acceptance of the Open Offer. Shareholders subscribing for their full entitlement under the Open Offer may also request additional Open Offer Shares through the Excess Application Facility.

The Issue Price represents a discount of 3.8 per cent. to the closing price of 78 pence per Existing Ordinary Share on 27 September 2019 (being the last business day prior to the announcement of the Acquisition and Fundraising).

The purpose of this announcement is to set out the background to and the reasons for the Fundraising and to give details of the Acquisition, to explain why the Board considers the Fundraising and Acquisition to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions required to be passed to implement them.

The Placing and the Open Offer are conditional, amongst other matters, on the passing of the Resolutions respectively at the General Meeting. Notice of the General Meeting to be held at 11.00 a.m. on 18 October 2019 at the offices of Directa Plus plc, 3rd floor, 11-12 St. James's Square, London, SW1Y 4LB at which the resolutions required to give effect to the Placing and Open Offer will be proposed.

2. Background to and reasons for the Acquisition and Fundraising

Introduction

Directa Plus is one of the largest producers and suppliers of graphene-based products for use in consumer and industrial markets. The Company's graphene manufacturing capability uses proprietary patented technology based on a plasma super expansion process. Starting from natural graphite, each step of Directa Plus' production process – expansion, exfoliation and drying – creates graphene-based materials and hybrid graphene materials ready for a variety of uses and available in various forms such as powder, liquid and paste.

This proprietary production process uses a physical process, rather than a chemical process, to process graphite into pristine graphene nanoplatelets, which enables Directa Plus to offer a sustainable, non-toxic product, without unwanted by-products.

Directa Plus' products are made of hybrid graphene materials and graphene nano-platelets. The products (marketed as G+) have multiple applications due to its properties. These G+ products can be categorised into various families, with different products being suitable for specific practical applications.

Strategy

The Company is principally focused on the two key verticals in which the Board believes it has a strong commercial advantage through developed and launched products and a technological lead:

- Environmental, based on our Grafysorber® product; and
- Textiles, based on our G+ products.

In addition, the Board remains selective in building out the pipeline of opportunities in the Elastomers and Composite Material sectors.

The Board believes that the Company continues to make very good progress towards commercialising its products, particularly in the two key vertical markets that have the potential to generate significant revenues and value for our Shareholders.

The ability to demonstrate strong cash resources to fund the Company until it achieves positive cash flows will materially assist Directa Plus to attract and retain blue chip customers and partners. It will also allow Directa Plus to negotiate commercial agreements from a position of strength in order to capture more value for Shareholders from the product launches the Company's technology enables.

Integrating Directa Plus' intellectual property into new products allows customers to gain significant competitive advantage. The Board is committed to seeking to benefit from the proceeds of customer growth attributed to the Company's products, rather than merely supplying an essential ingredient. As such, Directa Plus has adopted a commercialisation model based on capturing a proportion of these additional revenues and profits, in order to drive value for our Shareholders. This could take the form of royalty payments, upfront enabling licence payments, joint-ventures to get closer to end-users or a combination of all three.

Setcar S.A.

Privately owned Setcar, established in 1994, is a highly regarded environmental remediation services company based in Braila, Romania, and operating in the Black Sea region. The company offers a full range of services related to the treatment and disposal of hazardous waste, with a focus on decontamination of industrial equipment and sites, decontamination of soil and integrated waste management services.

Setcar is fully authorised and accredited to carry out its activities. Clients include Arcelormittal, Ford, E ON, Enel, Lukoil, and OMV Petrom. Setcar is also endorsed by international bodies such as the United Nations Industrial Development Organisation.

Setcar has been a commercial partner of Directa Plus since 2014 and has contributed to the industrial development of Grafysorber mobile decontamination units.

For the year ended 31 December 2018, in accordance with Romanian GAAP, Setcar reported audited revenues of €3.96 million (2017: €2.41 million), EBITDA of €0.25 million (2017: €0.17 million). Net assets as at 31 December 2018 were €3.28 million (2017: €3.26 million).

The Acquisition

The Company has conditionally agreed to acquire 51 per cent. of Setcar. Setcar is being jointly acquired with GVC, a company owned by the ultimate beneficial owner of the GSP group, a leading provider of offshore integrated services for the oil and gas industry with rigs in operation in Romania, Turkey, Greece and Mexico, who have conditionally agreed to acquire 47.03% of Setcar. The total consideration payable by the Company and GVC, in proportion to their shareholdings in Setcar, is €4.1 million. An existing shareholder in Setcar will remain a minority shareholder and immediately following Completion will hold 1.97%.

Of the total consideration, €2.1 million will be paid in cash to the owners of Setcar as follows:

- €0.6 million upon Completion
- €0.4 million on 30 April 2020
- €0.85 million on the first anniversary of Completion
- €0.25 million on the second anniversary of Completion.

Immediately following Completion, the Company and GVC will provide a €2 million loan to Setcar, in proportion to their respective shareholdings in the company, in order to facilitate the payment of a €2 million dividend to the vendors of Setcar. The loan will then be converted into ordinary shares in Setcar in proportion to the shareholdings of each of the Company and GVC.

Following Completion, Setcar will be renamed Directa Environmental Solutions.

The Board believes that the Acquisition will:

- create a business case in a European country with a real need for environmental clean-up, which could be replicated in other countries;
- provide a significant business opportunity within captive off-shore applications generated through partnership with GVC. The combined company is entitled to participate in international tenders;
- present the opportunity to control a direct commercial channel capable of significantly improving the Grafysorber commercial ramp-up on the market and to fulfil the market expectations in one of the main company verticals;
- further the development of technologies and equipment that use Grafysorber as a base material, combined with the opportunity to deal directly with the end-user will give Directa Plus the possibility to increase revenues and margins, protecting the know-how); and
- facilitate development of (with the possibility to patent) other Grafysorber applications in the environmental field (pollutants other than hydrocarbons or in synergy with other materials / technologies, other applications such as soil or air treatment etc.) leveraging on the competence of the personnel and the Setcar laboratory equipment.

Following Completion, Directa Environmental Solutions will enter into several commercial contracts, already signed by the Company's acquisition partner, GVC, or an entity in the GSP group, for the provision of environmental services to a number of multinational oil and gas companies. These contracts will extend across several years starting between October 2019 and late 2020 and represent a revenue opportunity of at least €8 million.

3. Use of proceeds from the Placing and Open Offer

The Company intends to use the proceeds of the Placing as follows:

- €2.1 million for the acquisition of 51 per cent. of Setcar;
- €1.3 million to invest in revenue growth in the environmental sector and applications development;
- €1.0 million to improve the G+ production facility in order to deliver the on-going reduction of production cost, increased production capacity and automation;
- €1.4 million to fund research and development activities on the improvement of G+ applications in key markets, to develop new IP and to maintain the Company's existing patents portfolio; and
- €2.44 million for general working capital.

In addition, any further monies received under the Open Offer will be used to further support the Company's strategy as well as for general working capital purposes.

Interim results for the six months ended 30 June 2019

The Company has today announced interim results for the six months ended 30 June 2019.

Revenue for the six months to 30 June 2019 increased by 56 per cent to €894,693 (2018: €573,822), whilst the loss before tax was similar to last year at €1,778,890 (2018: loss of €1,753,053). Cash at the period end was €4,760,951 (€4,947,457 at the end of the comparable period and €5,503,884 as at 31 December 2018).

4. The Placing

Subject to the satisfaction of the conditions under the Placing, including *inter alia*, the passing of the Resolutions, the Company will place a total of 9,648,000 new Ordinary Shares raising in aggregate approximately £7.24 million (before expenses). The Placing Shares have been placed by Cantor Fitzgerald and N+1 Singer, as agent for the Company with institutional and other investors. The Placing Shares will be allotted at the Issue Price.

The Issue Price represents a discount of 3.8 per cent. to the closing price of 78 pence per Existing Ordinary Share on 27 September 2019 (being the last business day prior to the announcement of the Acquisition and Fundraising).

The Placing of the New Ordinary Shares will be conducted in two separate tranches over two Business Days to assist EIS and VCT investors to claim certain tax reliefs.

It is intended that the Company will issue the First Tranche Placing Shares to the persons nominated by the Company in accordance with the Placing Agreement no later than 3.00 p.m. on 18 October 2019, being one Business Day prior to Admission. The issue of the First Tranche Placing Shares will not be conditional on Admission. It is intended that the Company will issue the Second Tranche Placing Shares in accordance with the Placing Agreement no later than 8.00 a.m. on 21 October 2019. The issue of the Second Tranche Placing Shares will be conditional on Admission. Investors should be aware of the possibility that only the First Tranche Placing Shares might be issued and that none of the remaining Second Tranche Placing Shares are issued.

The Placing (other than in respect of the First Tranche Placing Shares) is conditional upon, *inter alia*, Admission occurring no later than 8.00 a.m. on 21 October 2019 (or such later date as the Company, Cantor Fitzgerald and N+1 Singer shall agree, being no later than 31 October 2019).

The Fundraising is not underwritten by Cantor Fitzgerald or N+1 Singer or any other person.

If the conditions relating to the issue of the Placing Shares are not satisfied, the Placing Shares will not be issued and the Company will not receive the related placing monies. In this situation, the Company would not have sufficient resources to fully implement the strategy outlined above.

The Placing Agreement

Pursuant to the terms of the Placing Agreement, Cantor Fitzgerald and N+1 Singer have conditionally agreed to use reasonable endeavours, as agents of the Company, to procure subscribers for the Placing Shares at the Issue Price. The Fundraising has not been underwritten by Cantor Fitzgerald, N+1 Singer or any other person.

The EIS/VCT Placing is conditional, *inter alia*, upon the Resolutions being duly passed at the General Meeting. The Conditional Placing is conditional, *inter alia*, upon the Resolutions being duly passed at the General Meeting and Admission becoming effective on or before 8.00 a.m. on 21 October 2019 (or such later time and/or date as the Company, Cantor Fitzgerald and N+1 Singer may agree, but in any event by no later than 8.00 a.m. on 31 October 2019). If any of the conditions in relation to the Placing are not satisfied, the Placing Shares (other than possibly the First Tranche Placing Shares) will not be issued and all monies received from the investors in respect of the Placing Shares will be returned to them (at the investors' risk and without interest) as soon as possible thereafter.

The Placing Agreement contains warranties from the Company in favour of Cantor Fitzgerald and N+1 Singer in relation to, *inter alia*, the accuracy of certain information in this announcement, the circular and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Cantor Fitzgerald and N+1 Singer in relation to certain liabilities it may incur in respect of the Fundraising. Cantor Fitzgerald and N+1 Singer have the right to terminate the Placing Agreement or Placing prior to Admission in certain circumstances that are customary for an agreement of this nature, in particular in the event of any breach of the warranties given to Cantor Fitzgerald and N+1 Singer in the Placing Agreement which either of Cantor Fitzgerald or N+1 Singer considers to be material in the context of the Fundraising, the failure of the Company to comply, in any material respect, with any of its obligations under the Placing Agreement, the occurrence of a change in (amongst other things) national or international financial or political conditions which in the reasonable

opinion of either Cantor Fitzgerald or N+1 Singer is likely to affect the Placing in a material way, or a material adverse change in the condition (financial, operational, legal or otherwise), earnings, business, management, property, assets, rights, results of operations or prospects of the Company which is material in the context of the Fundraising.

Settlement and dealings

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 21 October 2019 on which date it is also expected that the Placing Shares will be enabled for settlement in CREST.

The New Ordinary Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive dividends and other distributions declared following Admission.

5. Related Party Transactions

Certain Directors and Substantial Shareholders (as defined in the AIM Rules) in the Company have subscribed for Placing Shares in connection with the Placing. The number of Placing Shares conditionally subscribed for by each such Director and Substantial Shareholder pursuant to the Placing, and their resulting shareholdings on Admission, are set out below:

<i>Shareholder</i>	<i>Existing Ordinary Shares held</i>	<i>Number of Existing Ordinary Shares held as a percentage of all Existing Ordinary Shares</i>	<i>Number of Placing Shares subscribed for</i>	<i>Ordinary Shares held post Admission*</i>	<i>Percentage of Enlarged Share Capital held*</i>
Nant Capital, LLC / Patrick Soon-Shiong	11,343,440	22.19%	6,280,000	17,623,440	28.37%
Dompe Holdings S.r.l.	6,926,666	13.55%	593,333	7,519,999	12.11%
Galbiga Immobiliare S.r.l.**	3,448,791	6.75%	356,000	3,804,791	6.13%

* assuming the Open Offer is fully subscribed

** Giulio Cesareo, CEO of the Company, and his family are the sole beneficiaries of the Ordinary Shares held by Galbiga Immobiliare S.r.l.

Nant Capital, LLC and Dompe Holdings S.r.l. are “Substantial Shareholders” in the Company for the purposes of the AIM Rules. Their conditional subscription for Placing Shares pursuant to the Placing (as described above) and the participation of certain Directors as stated above will be related party transactions for the purposes of the AIM Rules. The Directors who are independent of the related party transaction, having consulted with Cantor Fitzgerald Europe, the Company’s nominated adviser for the purposes of the AIM Rules, consider the terms of the participations of each of Giulio Cesareo, Nant Capital, LLC and Dompe Holdings S.r.l. in the Placing to be fair and reasonable insofar as Shareholders are concerned.

6. Details of the Open Offer

In order to provide Shareholders with an opportunity to participate, the Company is providing all Qualifying Shareholders with the opportunity to subscribe at the Issue Price for an aggregate of up to 1,345,169 Open Offer Shares. This allows Shareholders to participate on a pre-emptive basis whilst providing the Company with the flexibility to raise additional equity capital to further improve its financial position.

Shareholders are being offered the opportunity to apply for additional Open Offer Shares in excess of their pro rata entitlements to the extent that other Shareholders do not take up their entitlements in full. In the event of applications in excess of the maximum number of Open Offer Shares available, the Company will decide on the basis for allocation. The Open Offer Shares have not been placed subject to clawback nor have they been underwritten. Consequently, there may be fewer than 1,345,169 Open Offer Shares issued pursuant to the Open Offer.

A Qualifying Non-CREST Shareholder who has sold or transferred all or part of their holding of Existing Ordinary Shares prior to the Ex-entitlement Date, should consult their broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 11 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 a Restricted Jurisdiction.

The Directors intend to participate in the Open Offer.

Basic Entitlement

Qualifying Shareholders are invited, on and subject to the terms and conditions of the Open Offer, to apply for any number of Open Offer Shares (subject to the limit on the number of Excess Shares that can be applied for using the Excess Application Facility) at the Issue Price. Qualifying Shareholders have a Basic Entitlement of:

1 Open Offer Share for every 38 Existing Ordinary Shares

registered in the name of the relevant Qualifying Shareholder on the Record Date.

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

The aggregate number of Open Offer Shares available for subscription pursuant to the Open Offer will not exceed 1,345,169 Open Offer Shares.

Allocations under the Open Offer

In the event that valid acceptances are not received in respect of all of the Open Offer Shares under the Open Offer, unallocated Open Offer Shares will be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility. The Company may satisfy valid applications for Excess Shares of applicants in whole or in part but reserves the right not to satisfy any excess above any Open Offer Entitlements. The Board may scale back applications made in excess of Open Offer Entitlements on such basis as it reasonably considers to be appropriate.

Excess Application Facility

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

Not all Shareholders will be Qualifying Shareholders. Shareholders who are located in, or are citizens of, or have a registered address in Restricted Jurisdictions will not qualify to participate in the Open

Offer. The attention of Overseas Shareholders is drawn to paragraph 5 of Part III of the circular.

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

Conditions

The Open Offer is conditional upon, *inter alia*, the passing of the Resolutions and Admission.

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

7. Resolutions and General Meeting

The Placing and Open Offer are both conditional upon, amongst other things, the Directors obtaining appropriate Shareholder authorities at the General Meeting to allot the Placing Shares and the Open Offer Shares and to disapply statutory pre-emption rights which would otherwise apply to such allotment.

A notice convening the General Meeting to be held at the offices of Directa Plus plc, 3rd floor, 11-12 St. James's Square, London, SW1Y 4LB at 11 a.m. on 18 October 2019. An explanation of each of the Resolutions is set out below.

Resolution 1: Authority to allot shares

If passed by Shareholders, this resolution would give the Directors the authority to allot (a) the Placing Shares; (b) the Open Offer Shares; and (c) Ordinary Shares up to an aggregate nominal amount of £51,758 (representing 20,703,201 Ordinary Shares). The amount in (c) represents approximately one-third of the Enlarged Share Capital (assuming all Open Offer Shares are subscribed for in full). Unless revoked, varied or extended, the authority sought under this resolution will expire at the conclusion of the annual general meeting in 2020 or the close of business on 30 June 2020, whichever is sooner.

If passed, this resolution would give the Directors authority to allot the same percentage of Ordinary Shares that they would have been authorised to allot had the Fundraising not taken place. Other than in respect of the Fundraising, the Directors have no present intention to exercise the authority sought under this resolution. However, it is considered prudent to maintain the flexibility that this authority provides so that the Company can more readily take advantage of possible opportunities. These authorities are without prejudice to previous allotments or rights to receive allotments made under existing authorities.

Resolution 1 will be proposed as an ordinary resolution and requires a simple majority of Shareholders present, in person or by proxy, to vote in favour in order to be passed. This authority will replace the authority under section 551 of the Act given to the Directors at the 2019 AGM.

As at the date of this announcement, the Company did not hold any shares in treasury.

Resolution 2: Disapplication of pre-emption rights

This resolution would, if passed, allow the Directors to allot equity securities or sell treasury shares for cash (other than in connection with an employee share scheme), without having to offer such shares to existing shareholders in proportion to their own holdings (known as pre-emption rights).

The Act requires that, if the Company issues new shares, or grants rights to subscribe for or to convert any security into shares for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings. It is proposed that the Directors be authorised to issue shares for cash without first offering them to existing shareholders in proportion to their existing

shareholdings in the following circumstances: (a) in connection with the Placing; (b) in connection with the Open Offer; and (c) a rights issue or other pre-emptive offer or an offer to holders of other equity securities if required by the right of those securities or if the Directors otherwise consider necessary. The resolution also enables the Directors to modify the statutory pre-emption rights to deal with legal, regulatory or practical problems that may arise on a rights or other pre-emptive offer or issue.

Resolution 2 will be proposed as a special resolution and requires a majority of at least 75 per cent. of those present, in person or by proxy, to vote in favour to be passed. If passed, this authority will expire, unless revoked, varied or extended, at the same time as the authority to allot shares given pursuant to Resolution 1. These authorities are without prejudice to previous allotments or rights to receive allotments made under existing authorities.

The Directors consider the authority in this resolution to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue.

8. EIS/VCT

The Company received advance assurance on 1 April 2016 from HMRC that it is a qualifying company for the purposes of the Enterprise Investment Scheme (“EIS Advance Assurance”). On 5 July 2019 and 8 August 2019, the Company applied to HMRC to receive advance assurance that it continues, and will continue following completion of the Acquisition, to be a qualifying company for EIS Advance Assurance and is a qualifying company for the purposes of the Venture Capital Trust rules (“VCT Advance Assurance”).

The Company has not yet received a letter from HMRC in response to its applications dated 5 July 2019 and 8 August 2019 authorising the Company to issue compliance certificates under Section 204(1) Income Tax Act 2007 in respect of the ordinary shares to be issued, following receipt of a form EIS1 satisfactorily completed. As a result of the consultation document on advance assurance HMRC’s policy has changed and as of 2 January 2018, HMRC can no longer consider VCT Advance Assurance applications where the details of the potential qualifying holding are not given.

Even if assurance is received, it does not guarantee the availability of any form of relief under the Enterprise Investment Scheme to any particular subscriber or that the Company will constitute a qualifying holding for VCT purposes.

Investors considering taking advantage of EIS relief or making a qualifying VCT investment are recommended to seek their own professional advice in order that they may fully understand how the relief legislation may apply in their individual circumstances. Any Shareholder who is in any doubt as to his taxation position under the EIS and VCT legislation, or who is subject to tax in a jurisdiction other than the UK, should consult an appropriate professional adviser.

9. Action to be taken by Shareholders

If a hard copy of the Form of Proxy is requested this should be completed and returned in accordance with the instructions printed on it so as to arrive at the Company’s registrars, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and in any event not later than 11.00 a.m. on 16 October 2019. Completion and return of the Form of Proxy will not prevent Shareholders from attending the General Meeting and voting in person should they so wish.

The action to be taken by Qualifying Shareholders in order to apply for Open Offer Shares under the Open Offer is set out under “Procedure for Application and Payment” in Part III of the circular and in the accompanying Application Form.

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

10. Recommendation

The Board believe that the Placing and Open Offer are in the best interests of the Company and its Shareholders as a whole and recommend Shareholders to vote in favour of the Resolutions, as they intend to do in respect of their own beneficial holdings of 3,673,836 Ordinary Shares, representing approximately 7.2 per cent. of the current issued share capital of the Company.

Appendix 1: Expected timetable of principal events

Record Date for the Open Offer	6.00 p.m. on 26 September 2019
Announcement of the Firm Placing, Conditional Placing and Open Offer	30 September 2019
Publication of Circular and Application Form	30 September 2019
Ex-entitlement date for the Open Offer	8.00 a.m. on 1 October 2019
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders	as soon as possible after 8.00 a.m. on 2 October 2019
Latest recommended time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 10 October 2019
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements in to CREST	3.00 p.m. on 11 October 2019
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 15 October 2019
Latest time and date for receipt of Forms of Proxy and CREST voting instructions for use at the General Meeting	11.00 a.m. on 16 October 2019
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 17 October 2019
General Meeting	11.00 a.m. on 18 October 2019
Announce result of Open Offer	18 October 2019
Admission and commencement of dealings in Conditional Placing Shares and Open Offer Shares commence	8.00 a.m. on 21 October 2019
CREST members' accounts credited in respect of the First Tranche and Second Tranche in uncertificated form	as soon as possible after 8.00 a.m. on 21 October 2019
Dispatch of definitive share certificates for the Conditional Placing Shares Open Offer Shares in certificated form	4 November 2019