

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or as to what action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised pursuant to the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, from another appropriately authorised independent adviser.**

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee or to the stockbroker, banker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. Such documents should not, however, be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain these documents.

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## Defenx plc

*(Incorporated in England and Wales under the Companies Act 2006 with registered number 8993398)*

Placing and Subscription of 1,089,562 New Ordinary Shares at 160 pence per share

to raise £1.74 million

and

Issue of Secured Convertible Bonds to raise up to £2 million

and

Notice of General Meeting

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This document does not constitute a prospectus for the purposes of the prospectus rules of the Financial Conduct Authority, nor does it comprise an admission document prepared in accordance with the AIM Rules. Accordingly, this document has not been approved by or filed with the Financial Conduct Authority. This document does not constitute or form part of any offer or invitation to sell or issue or a solicitation of any offer to acquire, purchase or subscribe for New Ordinary Shares (or Secured Convertible Bonds) in any jurisdiction.

This document must not be distributed to a US Person (as such term is defined in Rule 902 of Regulation S under the US Securities Act of 1933, as amended (the "Securities Act")) or within or into the United States, Canada, Japan, South Africa, the Republic of Ireland or Australia. The Ordinary Shares and the Secured Convertible Bonds have not been and will not be registered under the Securities Act, and may not be offered or sold or subscribed, directly or indirectly, within the United States, Canada, Japan, South Africa, the Republic of Ireland or Australia or to or by any US Person or any national, resident or citizen of Canada, Japan, the Republic of South Africa, the Republic of Ireland or Australia or any corporation, partnership or other entity created or organised under the laws thereof.

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 become effective in respect of, and that dealings on AIM will commence in, the Placing Shares, on or around 11 August 2017. It is expected that admission of the Subscription Shares will become effective by 8.00 a.m. on 1 September 2017 and that dealings in the Subscription Shares will commence at that time.

Notice of the General Meeting of Defenx plc to be held at the offices of Taylor Vinters LLP, Tower 42, 33rd Floor, 25 Old Broad Street, London EC2N 1HQ on 23 August 2017 at 12.00 p.m. is set out at the end of this document. The Form of Proxy accompanying this document for use in connection with the General Meeting should be completed and returned in accordance with the instructions thereon so as to be received by the Company's registrars, SLC Registrars, 42-50 Hershaw Road, Walton-on-Thames, Surrey, KT12 1RZ by no later than 12.00 p.m. on 21 August 2017. The recommendation of the Directors on the Resolutions to be proposed at the General Meeting is set out on page 13 of this document. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

This document should be read in its entirety in conjunction with the accompanying Form of Proxy and the definitions set out herein. In particular, your attention is drawn to the letter from the Chairman, which is set out on

pages 8 to 13 of this document, and which recommends that you vote in favour of the Resolutions.

Strand Hanson Limited (“Strand Hanson”), which is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as Financial and Nominated Adviser to the Company in connection with the Placing and Subscription and is not acting for any other person and will not be responsible to any person other than the Company for providing the protections afforded to clients of Strand Hanson.

WH Ireland Limited (“WH Ireland”) which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for Defenx plc and no-one else in connection with the Placing. WH Ireland will not regard any other person (whether or not a recipient of this document) as its client or be responsible to any other person for providing the protections afforded to clients of WH Ireland nor for providing advice in relation to the transactions and arrangements described in this document. WH Ireland is not making any representation or warranty, express or implied, as to the contents of this document. WH Ireland has not approved the contents of, or any part of, this document and no liability whatsoever is accepted by WH Ireland for the accuracy of any information or opinions contained in this document or for the omission of any information from this document.

This document is published on 7 August 2017. Copies of this document will be available free of charge during normal business hours on weekdays (excluding Saturday, Sunday and public holidays) from the date hereof until a month after the General Meeting from the Company’s registered office. Copies will also be available to download from the Company’s website at [www.defenx.com](http://www.defenx.com).

### **FORWARD-LOOKING STATEMENTS**

This document contains forward-looking statements. These statements relate to the Group’s future prospects, developments and business strategies. Forward-looking statements are identified by their use of terms and phrases such as “potential”, “estimate”, “expect”, “may”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. The forward-looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. These forward-looking statements speak only as at the date of this document. No statement in this document is intended to constitute a profit forecast or profit estimate for any period. Neither the Directors nor the Group undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

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## DEFINITIONS

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

“Act”	the Companies Act 2006 (as amended);
“Admission”	admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules;
“AIM”	the market of that name operated by London Stock Exchange;
“AIM Rules”	the rules for AIM companies and their AIM advisers, as published from time to time by the London Stock Exchange in relation to AIM traded securities;
“Articles”	the articles of association of the Company;
“Bond Conversion Shares”	Ordinary Shares issued upon any conversion of the Secured Convertible Bonds;
“Bond Placing Agreement”	the conditional agreement dated 7 August 2017 between the Company and UK Bond Network relating to the Convertible Bond Issue;
“Bond Underwriting Commitment”	the conditional agreement dated 23 June 2017 relating to the underwriting of the Convertible Bond Issue;
“Bondholder”	each Eligible Investor (or its nominee) who holds a Secured Convertible Bond from time to time;
“Broker Option”	the option granted to WH Ireland pursuant to the Placing Agreement;
“Broker Option Shares”	the 198,937 new Ordinary Shares, to be allotted and issued by the Company to Placees following the exercise of the Broker Option;
“BV Tech”	BV Tech S.p.A;
“Conversion Price”	200 pence per Ordinary Share;
“Convertible Bond Instrument”	the instrument to be entered into by the Company following completion of the auction of the Secured Convertible Bonds, which will constitute the Secured Convertible Bonds;
“Convertible Bond Issue”	the proposed issue by the Company of the Secured Convertible Bonds, as arranged by UK Bond Network, as agent of the Company, further details of which are set out in paragraph 5 of the letter from the chairman below;
“Company” or “Defenx”	Defenx PLC, a public limited company registered in England and Wales with registration number 08993398;
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
“Directors” or “Board”	the directors of Defenx, whose names are set out on page 7 of this document;
“Dealing Day”	a day on which AIM (or other relevant stock exchange or securities market) is open for business, other than a day on which AIM (or other relevant stock exchange or securities market) is scheduled to or does close prior to its regular weekday closing time;
“Eligible Investors”	high net worth, sophisticated, professional and institutional investors (in each case as defined in FSMA and regulations under FSMA);
“Enlarged Share Capital”	the entire issued Ordinary Share capital of the Company immediately following admission of the New Ordinary;
“Euroclear”	Euroclear UK & Ireland Limited;
“Existing Ordinary Shares”	the 11,862,792 Ordinary Shares in issue on the Latest Practicable Date;

“Form of Proxy”	the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting;
“FSMA”	the Financial Services and Markets Act 2000;
“Fundraising”	the Placing, Subscription and Convertible Bond Issue;
“General Meeting” or “GM”	the general meeting of the Shareholders called pursuant to the notice of General Meeting set out at the end of this document at which the Resolutions will be proposed;
“Group”	the Company and its subsidiaries;
“Latest Practicable Date”	close of business (5.00 p.m. London time) on 4 August 2017, being the latest practicable date prior to the publication of this document;
“London Stock Exchange”	London Stock Exchange PLC;
“New Ordinary Shares”	the 1,089,562 new Ordinary Shares to be issued by the Company pursuant to the Placing, Subscription and Broker Option;
“Ordinary Shares”	the ordinary shares of £0.018 each in the capital of the Company;
“Placing”	the placing of the Placing Shares at the Placing Price by WH Ireland as agent for the Company;
“Placing Agreement”	the placing agreement between the Company and WH Ireland dated 7 August 2017 relating to the Placing;
“Placing Price”	160 pence per Placing Share;
“Placing Shares”	the 933,312 new Ordinary Shares to be placed with institutional and certain other investors at the Placing Price pursuant to the Placing and Broker Option;
“Proposals”	together the Placing, the Subscription, the Convertible Bond Issue and the granting of a general authority to allot Ordinary Shares;
“Resolutions”	the resolutions set out in the notice of General Meeting (set out at the end of this document) and which are to be proposed as ordinary and special resolutions as indicated;
“Secured Convertible Bonds”	up to £2 million in convertible bonds to be issued by the Company on completion of the Convertible Bond Issue;
“Security Trustee”	Jade State Wealth Limited of 59-60 Thames Street, Windsor, Berkshire SL4 1TX;
“Shareholders”	the holders of Ordinary Shares from time to time;
“Strand Hanson”	Strand Hanson Limited, the nominated and financial adviser to the Company;
“Subscription”	the allotment and issue of 156,250 New Ordinary Shares to BV Tech pursuant to the Subscription Agreement;
“Subscription Agreement”	the agreement to be entered into between the Company and BV Tech dated 7 August 2017 providing for BV Tech to make the Subscription;
“Subscription Shares”	the New Ordinary Shares subscribed for under the Subscription;
“Takeover Offer”	an offer made to all Shareholders to acquire the whole or any part of the issued Ordinary Share capital of the Company, or the proposal to carry out such an acquisition by way of a scheme of arrangement;
“UK Bond Network”	UK Bond Network Limited; and
“WH Ireland”	WH Ireland Limited of 24 Martin Lane, London EC4R 0DR.

*References to “£”, “pence” and “p” are to British pounds and pence sterling, the currency of the United Kingdom.*

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of publication of this document	7 August 2017
Expected date for Admission of the Placing Shares	11 August 2017
CREST accounts to be credited for Placing Shares in uncertificated form	11 August 2017
Secured Convertible Bond auction opens	9.00 a.m. on 14 August 2017
Latest time and date for receipt of Forms of Proxy	12.00 p.m. on 21 August 2017
General Meeting	12.00 p.m. on 23 August 2017
Expected latest date for posting of share certificates for Placing Shares	24 August 2017
Secured Convertible Bond auction closes	4.30 p.m. on 30 August 2017
Issue of the Secured Convertible Bonds	31 August 2017
Expected date for admission of the Subscription Shares	1 September 2017

### Notes:

- Each of the times and dates above are indicative only and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement through a Regulatory Information Service.
- All of the above times refer to London time unless otherwise stated.
- There is a pre-auction period, commencing on or around the date of this document, for Eligible Investors to review the offering of Secured Convertible Bonds, followed by a two week live auction period, at the end of which the final Convertible Bond Issue size and coupon will be determined.

## PLACING AND SUBSCRIPTION STATISTICS

Placing Price per New Ordinary Share	160 pence
Number of Existing Ordinary Shares in issue before the Placing and Subscription	11,862,792
Number of New Ordinary Shares to be issued pursuant to the Placing	933,312
Number of New Ordinary Shares to be issued pursuant to the Subscription	156,250
Number of Ordinary Shares in issue immediately following Admission of the Placing Shares (the Enlarged Share Capital)	12,796,104
Number of Ordinary Shares in issue immediately following admission of the Subscription Shares	12,952,354
Total gross proceeds of the Placing and Subscription	£1.74 million
Net proceeds of the Placing and Subscription	£1.57 million
New Ordinary Shares as a percentage of the Enlarged Share Capital	8.41%
Implied market capitalisation of the Company immediately following the Placing and Subscription at the Placing Price*	£20.72 million

\*For the purposes of this calculation it is assumed that no Ordinary Shares, other than the New Ordinary Shares, will be issued between the Latest Practicable Date and the allotment and issue of the New Ordinary Shares and the Company's share price remains equal to the Placing Price.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Anthony Henry Reeves – <i>Non-Executive Chairman</i> Raffaele Boccardo – <i>Non-Executive Deputy Chairman</i> Andrea Stecconi – <i>Founder &amp; Chief Executive Officer</i> Philipp Nicholas Andre Martin Prince – <i>Chief Financial Officer</i> Leonard Robert Seelig – <i>Non-Executive Director</i> Franco Francione – <i>Non-Executive Director</i>
<b>Company Secretary</b>	One Advisory Limited 201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT
<b>Business address</b>	105 Victoria Street London SW1E 6QT
<b>Registered office of the Company</b>	201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT
<b>Nominated Adviser</b>	Strand Hanson Limited 26 Mount Row London W1K 3SQ
<b>Broker</b>	WH Ireland Limited 24 Martin Lane London EC4R 0DR
<b>Bond Distribution Platform</b>	UK Bond Network Limited CAP House 9-12 Long Lane London EC1A 9HA
<b>Solicitors to the Company</b>	Taylor Vinters LLP Tower 42, 33rd Floor 25 Old Broad Street London EC2N 1HQ
<b>Financial PR</b>	IFC Advisory Ltd 73 Watling Street London EC4M 9BJ
<b>Registrar</b>	SLC Registrars 42-50 Hershaw Road Walton-on-Thames Surrey KT12 1RZ
<b>Company's website</b>	<a href="http://www.defenx.com">www.defenx.com</a>

## LETTER FROM THE CHAIRMAN OF DEFENX PLC

(Incorporated in England and Wales under the Companies Act 2006 with registered number 08993398)

Directors:

Anthony Henry Reeves (*Non-Executive Chairman*)  
Raffaele Boccardo (*Non-Executive Deputy Chairman*)  
Andrea Stecconi (*Founder and Chief Executive Officer*)  
Philipp Nicholas Andre Martin Prince (*Chief Financial Officer*)  
Leonard Robert Seelig (*Non-Executive Director*)  
Franco Francione (*Non-Executive Director*)

Registered Office:

201 Temple Chambers  
3-7 Temple Avenue  
London EC4Y 0DT

7 August 2017

To Shareholders (and, for information only, warrant holders)

Dear Shareholder

### **Placing and Subscription and issue of Secured Convertible Bonds to raise up to £3.74 million, and notice of General Meeting**

#### **1. Introduction**

The Company has today announced a Fundraising to raise up to £3.74 million (before expenses) comprising a placing of 933,312 Placing Shares, at a price of 160 pence per Placing Share to raise approximately £1.49 million and the subscription by an existing shareholder of the Company, BV Tech for an additional 156,250 Subscription Shares at the Placing Price to raise an additional £250,000.

The Company is also proposing to issue secured convertible bonds (“Secured Convertible Bond”) to raise up to £2 million (“Convertible Bond Issue”). The Convertible Bond Issue is subject to, *inter alia*, the receipt of Shareholder approval of the necessary Resolutions at the General Meeting, notice of which is set out at the end of this document. If the requisite Resolutions are not passed, the Convertible Bond Issue will not proceed.

This document explains, *inter alia*, the background to and reasons for the Proposals, and why the Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and recommend that you vote in favour of the Resolutions.

#### **2. Background to and reasons for the Fundraising and use of net proceeds**

The Company intends to use the net proceeds from the Fundraising to invest in its product portfolio, and its delivery and sales capability over the next 12 months to accelerate growth in existing and corporate markets.

The Directors believe that with recent high-profile cyber attacks, such as the WannaCry ransomware attack, cyber security is becoming a higher-priority board level issue for companies to address and as such the corporate market is a significant opportunity for the Company. The impact of ransomware on business and the challenges of protecting mobile devices in the workplace, together with the implementation of the EU General Data Protection Regulation (“GDPR”) in May 2018, are set to drive corporate investment in cyber security. The Company is keen to capitalise on this current positive market sentiment in order to raise additional funds to build on its existing IP base, to better leverage its value, and to accelerate growth into corporate and non-Italian markets which is expected to de-risk future revenues.

The funds raised from the Fundraising will be used to invest in the Company’s product portfolio, broaden the development and operations teams to support the Group’s products, and enhance the Group’s sales capacity, focusing particularly on the corporate sector. The Company’s strategic partnership with BV Tech is expected to provide access to corporate customers to whom the expanded product portfolio can be sold.

The Company intends to use the proceeds from the Fundraising to accelerate software development spend, including:

- the development of corporate versions of its consumer products e.g. enterprise security suite and mobile device management;
- building on Memopal Srl’s ‘MGFS’ technology e.g. end-2-end encrypted cloud backup;
- building privacy protection into its products e.g. addressing GDPR requirements;



- adding features and integrating products to provide 360° protection;
- accelerating the update cycle of its most popular mobile products; and
- building/acquiring complementary new functionality.

### 3. Details of the Placing

The Placing Shares have been offered by way of an accelerated bookbuilding process which was launched and closed on the date of this document. The Placing Price represents a discount of approximately 13.75% to the closing middle market price of 185.5 pence per Ordinary Share on 4 August 2017, being the Latest Practicable Date.

The New Ordinary Shares to be issued pursuant to the Placing have been conditionally placed by WH Ireland as agent of the Company, with certain existing Shareholders and new institutional and other investors pursuant to the Placing Agreement. The Placing is not conditional on the passing of any of the Resolutions, although it is conditional, *inter alia*, on Admission.

In addition, the Company also granted the Broker Option to WH Ireland in order to enable WH Ireland to deal with additional demand under the Placing, following the closing of the accelerated bookbuilding process and prior to the printing of this document. The Ordinary Shares issued pursuant to the exercise of the Broker Option will be issued on the same terms and conditions as the other Placing Shares.

Under the terms of the Placing Agreement WH Ireland will receive commission from the Company conditional on Admission and the Company will give customary warranties and undertakings to WH Ireland in relation, *inter alia*, to its business and the performance of its duties.

In addition, the Company has agreed to indemnify WH Ireland in relation to certain liabilities that they may incur in undertaking the Placing. WH Ireland has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event that there has been, *inter alia*, a material breach of any of the warranties. The Placing is not being underwritten.

Following the issue of the New Ordinary Shares, the Company will have 12,952,354 Ordinary Shares in issue and there are no shares held in treasury. This figure may be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

The New Ordinary Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares of the Company, including the right to receive all dividends or other distributions made, paid or declared in respect of such shares after the date of issue of the New Ordinary Shares.

### 4. Details of the Subscription

BV Tech is subscribing for 156,250 New Ordinary Shares at the Placing Price pursuant to the Subscription. The Subscription is taking place on the same terms and conditions as the Placing, other than in respect of settlement. BV Tech currently holds 3,480,388 Ordinary Shares representing 29.34% of the Existing Ordinary Shares. Following admission of the Subscription Shares, BV Tech will hold 3,636,638 Ordinary Shares representing 28.08% of the Enlarged Share Capital. The Subscription is conditional upon the completion of the Placing and if the Placing does not proceed for whatever reason, then the Subscription will also not proceed.

BV Tech is a related party of the Company for the purposes of the AIM Rules by virtue of its status as a substantial shareholder of the Company, therefore the participation by BV Tech in the Subscription is a related party transaction under the AIM Rules. The independent Directors, being the Directors, other than Raffaele Boccardo and Franco Francione, consider, having consulted with Strand Hanson, the Company's nominated adviser, that the terms of the Subscription by BV Tech, reflecting those of the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

## 5. Details of the Secured Convertible Bonds

### (a) Summary

The Company is proposing to raise up to £2 million pursuant to the Convertible Bond Issue, with the final amount to be determined by the auction process. Of this amount, UK Bond Network has procured that £1.25 million of the Convertible Bond Issue has been underwritten pursuant to the Bond Underwriting Commitment.

The Bonds will pay a coupon of between 8% and 10%, with the exact rate being determined by participating bond investors through UK Bond Network's auction process. Interest under the Secured Convertible Bonds will be payable quarterly.

The Secured Convertible Bonds will be convertible into Ordinary Shares at the Conversion Price of 200 pence per Ordinary Share, being a 25% premium to the Placing Price.

The auction process to be carried out in connection with the Convertible Bond Issue will be carried out by UK Bond Network, as agent of the Company, using its designated website auction platform. There will be a pre-auction period commencing on or around the date of this document for Eligible Investors to review the Secured Convertible Bonds offering, followed by a live auction period commencing at 9.00 a.m. on 14 August 2017 and finishing at 4.30 p.m. on 30 August 2017.

Eligible Investors will be the only investors eligible to participate in the Convertible Bond Issue. Eligible Investors will be required to self-certify themselves, in accordance with the procedure required under FSMA, as being an investor falling into one of these categories before participating. Eligible Investors who wish to participate will need to register as a member of UK Bond network's platform ([www.ukbondnetwork.com](http://www.ukbondnetwork.com)).

### (b) Terms of the Convertible Bond Instrument

The Company will create and authorise the issue of up to £2 million unlisted Secured Convertible Bonds (in multiples of £1 each) by entering into the Convertible Bond Instrument upon completion of the auction. The Secured Convertible Bonds will mature and be due for repayment in full on 31 August 2020. At the option of the Company, the Secured Convertible Bonds may be repaid fully or partially at any time on or after 31 August 2019 (being the second anniversary of the date of the Convertible Bond Instrument), subject to the share price being at least 130% of the Conversion Price for 20 consecutive Dealing Days.

The Company, Defenx SA, Memopal Srl and the Security Trustee will enter into an all assets debenture and guarantee and a security trust deed (each in customary form) to provide security in respect of the Secured Convertible Bonds.

The full amount of principal under the Secured Convertible Bonds, together with any interest accrued on them, may, at the option of the Security Trustee (acting in its capacity as the Bondholders' trustee), become immediately due and repayable if an "Event of Default" occurs and is continuing. The Events of Default set out in the conditions to the Convertible Bond Instrument include, *inter alia*, late payment of any sum due under the Secured Convertible Bonds, or the insolvent liquidation of the Company.

The Secured Convertible Bonds accrue interest daily, payable in quarterly instalments by the Company. The rate at which interest will accrue will be between 8% and 10% per annum with the exact interest rate payable to be determined through the auction process conducted by UK Bond Network.

Each Bondholder will receive a certificate recording the details of their Secured Convertible Bonds and, at any time before the Secured Convertible Bonds mature, Bondholders will have the right to convert the principal amounts of their Secured Convertible Bonds then outstanding into Ordinary Shares.

The Conversion Price represents a 25% premium to the Placing Price. However, the conditions attached to the Convertible Bond Instrument set out a number of different circumstances in which this Conversion Price may be adjusted, including in the event of any share capital reorganisation affecting the Ordinary Shares, or if an Event of Default or a Takeover Offer occurs. Accordingly, as at the date of this document, it is not possible to ascertain exactly what effect any conversion of the Secured Convertible Bonds may have on the interests of Shareholders, because the Conversion Price (and therefore the number of Ordinary Shares into which the Secured Convertible Bonds convert) may be subject to change. However, for illustrative purposes only, if the maximum amount of £2 million is raised by the Convertible Bond Issue, and each Bondholder were to convert their entire holding of Secured Convertible Bonds into Ordinary Shares, then based upon the current Conversion Price the Company would need to allot and issue 1,000,000 Ordinary Shares in satisfaction of such a conversion.

The Company gives certain customary representations, warranties, covenants and undertakings to the Bondholders under the terms of the Convertible Bond Instrument and the associated security documents, including as to matters relating to the Group and its business.

### (c) Terms of the Bond Placing Agreement

Under the terms of the Bond Placing Agreement, for the purpose of procuring Eligible Investors who will subscribe for the Secured Convertible Bonds, UK Bond Network has agreed to make available to the Company its website platform,

upon which the auction of the Secured Convertible Bonds to Eligible Investors is to be conducted.

Under the terms of the Bond Placing Agreement, completion of the Convertible Bond Issue is conditional, *inter alia*, upon the requisite resolutions being passed at the General Meeting referred to below under the heading “Notice of General Meeting”.

This means that unless such conditions are satisfied, the Convertible Bond Issue will not complete.

The Bond Placing Agreement incorporates the customary representations and warranties given by the Company under the Convertible Bond Instrument, including as to matters relating to the Group and its business. The Bond Placing Agreement also contains customary rights of termination which could enable UK Bond Network to terminate the Bond Placing Agreement in certain circumstances.

The Secured Convertible Bonds have not been made available to the public and have not been offered or sold in any jurisdiction where it would be unlawful to do so.

*(d) Terms of the Bond Underwriting Commitment*

Pursuant to the terms of the Bond Underwriting Commitment, UK Bond Network has procured that £1.25 million of the Convertible Bond Issue has been underwritten, subject to certain conditions.

The Directors consider the terms of the Convertible Bond Issue to be appropriate in view of the reasons for the Fundraising and use of net proceeds as described above.

## **6. Current trading and outlook**

As announced on 22 June 2017, year-to-date trading remains in line with management expectations.

As seen in previous years, the Group’s business is heavily seasonal with the majority of billings falling towards the end of the year, whereas certain costs, notably marketing contributions, are higher in the first half of the year. Whilst the Directors believe that the strategic partnership with BV Tech will, in time, reduce this seasonality, the Company’s results for 2017 are inevitably dependent on billings in the second half of 2017 and driven predominately by the existing core business.

The Company and BV Tech are at an advanced stage of negotiations on a master services agreement (“MSA”) pursuant to which BV Tech will (once entered into) develop software for Defenx, which alongside the software distribution contract announced on 22 June 2017, forms part of the strategic partnership between both parties as envisaged at the time of BV Tech’s initial investment. The MSA will constitute a related party transaction under the AIM Rules once entered into and further announcements will be made in this regard as appropriate.

The core business, which is focused on the distribution of mobile and PC security software to the Group’s channel partners, is maturing and new channel partners – including Multi Time Srl and Arnavalle Telecommunications SL announced on 3 July 2017 – and products are now starting to support future growth. Meanwhile, the sales and technical teams are making good progress with BV Tech, with whom a promising pipeline of opportunities is developing.

Accordingly, the Directors remain confident that Defenx’s diversification into the corporate market, supported by BV Tech, will yield significant profitable growth over the medium term and that the results for 2017 will remain in line with expectations.

## **7. The Resolutions**

Set out below is an explanation of the Resolutions to be considered at the General Meeting. Resolutions 1 and 3 are ordinary resolutions and, to be passed, will require the approval at the General Meeting of (on a show of hands) a simple majority of Shareholders present and voting, or (on a poll) Shareholders representing a simple majority of the total voting rights of Shareholders, who, being entitled to vote, do so in person or by proxy. Resolutions 2 and 4 are special resolutions and, to be passed, will require the approval at the General Meeting of (on a show of hands) at least 75% of Shareholders present and voting, or (on a poll) Shareholders representing at least 75% of the total voting rights of Shareholders, who, being entitled to vote, do so in person or by proxy.

- **Resolution 1** (to be proposed as an ordinary resolution): that the Directors be authorised to allot new Ordinary Shares in connection with the Convertible Bond Issue, such authority to expire on the date falling 4 years from the passing of the resolution.

As noted above, as at the date of this document, the price per share at which Secured Convertible Bonds may be converted into Ordinary Shares will represent a 25% premium to the Placing Price. However, the conditions attached to the Convertible Bond Instrument set out a number of different circumstances in which the Conversion Price (and therefore the number of Ordinary Shares into which the Secured Convertible Bonds convert) may be adjusted, including if an Event of Default (as defined in the Convertible Bond Instrument) or a Takeover Offer occurs. If an Event of Default or a Takeover Offer occurs, the Conversion Price will decrease, and the number of Ordinary Shares to be allotted and issued upon conversion will increase.

Accordingly, Resolution 1, if passed, will permit the Directors to allot up to a maximum nominal amount of £18,000.00, which represents approximately 7.7% of the Enlarged Share Capital. Unless any exceptional circumstances arise, such as an Event of Default or a Takeover Offer, this is the authority under which the Directors will allot Ordinary Shares in the event that any Bondholder wishes to convert their Secured Convertible Bonds into Ordinary Shares. If an Event of Default or a Takeover Offer arises, and a Bondholder converts their Secured Convertible Bonds into a higher number of Ordinary Shares at a lower Conversion Price, the Directors will allot Ordinary Shares under both this authority, and, if this authority on its own is insufficient to meet the number of Ordinary Shares required to be allotted in such circumstances, the authority granted under Resolutions 3 and 4 at the General Meeting and at each annual general meeting of the Company (subject to Shareholders granting such authority).

- **Resolution 2** (to be proposed as a special resolution): to dis-apply the pre-emption rights pursuant to the provisions of section 571 of the Act in respect of the Bond Conversion Shares.
- **Resolution 3** (to be proposed as an ordinary resolution): to authorise the Directors under section 551 of the Act to allot additional shares up to an aggregate nominal amount representing approximately one third of the nominal value of the Enlarged Share Capital. If passed, this authority will expire on the earlier of the date of the next annual general meeting of the Company and 30 June 2018 and will be in substitution for the authority granted by the Company at the annual general meeting held on 27 June 2017.
- **Resolution 4** (to be proposed as a special resolution): to dis-apply the pre-emption rights pursuant to the provisions of section 570 of the Act in respect of the allotment of additional equity securities up to an aggregate nominal amount representing approximately 10% of the nominal value of the Enlarged Share Capital. If passed, this power will expire on the earlier of the date of the next annual general meeting of the Company and 30 June 2018 and will be in substitution for the power granted by the Company at the annual general meeting held on 27 June 2017.
- The Board is proposing Resolutions 3 and 4 in order to seek Shareholder approval to grant the Board additional flexibility to issue Ordinary Shares up to a certain amount without the need to seek Shareholder approval at the relevant time. These proposed authorities are in the same proportions as those approved by Shareholders at the 2017 annual general meeting. If passed, this would give the Board flexibility to take advantage of, *inter alia*, future acquisition opportunities and/or to be able to raise funds on an expedited basis if such opportunities arise. The Board has no present intention of exercising these authorities, if granted, (other than in connection with the issue of options) and the Board will only exercise these authorities when it is satisfied that it is in the Company's and Shareholders' interests to do so.

## 8. General Meeting

A notice convening the General Meeting to be held at the offices of Taylor Vinters LLP, Tower 42, 33rd Floor, 25 Old Broad Street, London EC2N 1HQ on 23 August 2017 at 12.00 p.m. is set out at the end of this document.

## 9. Irrevocable undertakings

BV Tech, Andrea Stecconi, Philipp Prince, Anthony Reeves and Leonard Seelig have irrevocably undertaken to vote in favour of the Resolutions in respect of their own beneficial holdings of, in aggregate, 5,434,729 Existing Ordinary Shares, in aggregate representing approximately 45.81% of the Existing Ordinary Shares.

## 10. Action to be taken by Shareholders

You will find enclosed with this document a reply-paid Form of Proxy for use by Shareholders at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete this form in accordance with the instructions printed on it and return it as soon as possible. To be valid, completed forms of proxy must be received by SLC Registrars, 42-50 Hersham Road, Walton-on-Thames, Surrey KT12 1RZ, by no later than 12.00 p.m. on 21 August 2017. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the General Meeting if you so wish.

Shareholders are reminded that the Convertible Bond Issue is conditional, *inter alia*, on the passing of the necessary Resolutions to be proposed at the General Meeting. Should any of the necessary Resolutions, being Resolutions 1 and 2 not be passed, the Convertible Bond Issue will not proceed.

## 11. Admission, Settlement and CREST

Application will be made to the London Stock Exchange for the admission of the New Ordinary Shares to trading on AIM. It is expected that Admission of the Placing Shares will become effective at 8.00 a.m. on 11 August 2017 and that dealings in the Placing Shares will commence at that time. It is expected that admission of the Subscription Shares will become effective by 8.00 a.m. on 1 September 2017 and that dealings in the Subscription Shares will commence at that time.

The Articles 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. The Ordinary Shares are already admitted to CREST and therefore the New Ordinary Shares will also be eligible for settlement in CREST.

## **12. Recommendation**

**The Directors consider the passing of the Resolutions and the completion of the Proposals to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favour of the Resolutions, as they intend to do, or procure to be done, in respect of their own beneficial shareholdings, being at the Latest Practicable Date, in aggregate, 1,954,341 Ordinary Shares, representing approximately 16.47% of the Existing Ordinary Shares.**

Yours faithfully

Anthony Henry Reeves  
*Non-Executive Chairman*

## NOTICE OF GENERAL MEETING

### Defenx Plc

*(Incorporated in England and Wales under the Companies Act 2006 with registered number 08993398)*

NOTICE IS GIVEN that a general meeting of the above named company (the “Company”) will be held at 12.00 p.m. on 23 August 2017 at the offices of Taylor Vinters LLP, Tower 42, 33rd Floor, 25 Old Broad Street, London EC2N 1HQ for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as ordinary or special resolutions as indicated:

#### ORDINARY RESOLUTION

1. That, in addition to all existing authorities, the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £18,000.00 in connection with and for the purposes of the Convertible Bond Issue (as defined in the Circular accompanying this Notice of General Meeting, the “Circular”) during the period from the date of the passing of this Resolution and expiring on the date falling 4 years from the date of the passing of this Resolution (unless renewed, varied or revoked by the Company before or on that date), but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry.

#### SPECIAL RESOLUTION

2. That, subject to Resolution 1 above being passed and section 551 of the Act, the Directors be empowered, pursuant to section 571 of the Act, to allot equity securities (as defined in section 560 of the Act) in the Company up to an aggregate nominal amount of £18,000.00 in connection with the Convertible Bond Issue as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities during the period from the date of the passing of this Resolution and expiring on the date falling 4 years from the date of the passing of this Resolution (unless renewed, varied or revoked by the Company before or on that date), but so that this power shall allow the Company to make offers or agreements before the expiry of this power which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry.

#### ORDINARY RESOLUTION

3. That, subject to Resolutions 1 and 2 above being passed, and in substitution for all other existing authorities, the Directors be generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £77,717.16 during the period from the date of the passing of this Resolution and expiring on the date of the next annual general meeting, or, if earlier, on 30 June 2018 but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry.

#### SPECIAL RESOLUTION

4. That, subject to Resolutions 1, 2 and 3 above being passed and section 551 of the Act, the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
  - a) during the period from the date of the passing of this Resolution and expiring on the date of the next annual general meeting of the Company or, if earlier, on 30 June 2018, but so that this power shall enable the Company to make offers or agreements before the expiry of this power which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry; and
  - b) up to an aggregate nominal amount of £23,315.15 representing the nominal value of approximately 10 per cent. of the Enlarged Share Capital (as defined in the Circular),and shall include the power to sell treasury shares under section 727 of the Act.

BY ORDER OF THE BOARD

Dated 7 August 2017

*Company Secretary*

One Advisory Limited  
201 Temple Chambers  
3-7 Temple Avenue  
London EC4Y 0DT

*Registered Office:*

201 Temple Chambers  
3-7 Temple Avenue  
London EC4Y 0DT

Notes:

1. The Resolutions are subject to the approval of the Shareholders (being the holders of Ordinary Shares in the Company).
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members holding ordinary shares in the capital of the Company and registered on the Company's register of members at 6.30 p.m. on 21 August 2017 (London time) (or, if the General Meeting is adjourned, 6.30 p.m. on the day which is two days before the date of the adjourned meeting) shall be entitled to attend and vote at the General Meeting.
3. If you are a member of the Company at the time set out in note 2 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a form of proxy with this document. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact the Company's registrars using the contact details set out at note 7 below.
4. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars using the contact details set out at note 7 below.
6. To direct your proxy on how to vote on the Resolutions, please mark the appropriate box with an "X". To abstain from voting, select the relevant "Vote Withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in calculation of votes for or against the relevant Resolution. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
7. The notes to the proxy form explain how to direct your proxy how to vote on each Resolution or withhold their vote. If you return more than one proxy appointment, either by paper or electronic communication, the proxy appointment received last by the Company's registrars before the latest time for receipt of proxies will take precedence.

To appoint a proxy using the proxy form, the form must be:

- (a) completed and signed;
- (b) sent or delivered to SLC Registrars, 42-50 Hersham Road, Walton-on-Thames, Surrey KT12 1RZ or scanned by email to [slc@davidvenus.com](mailto:slc@davidvenus.com); and

received no later than 12.00 p.m. on 21 August 2017 or 48 hours before the time fixed for any adjourned meeting at which the proxy is to vote. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
9. The return of a completed form of proxy will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.

10. Members who have general queries about the meeting should call SLC Registrars on +44 (0) 1903 706 150. Calls from within the UK are charged at standard geographic rates plus network extras, and lines are open 9.00 a.m. – 5.30 p.m., Monday to Friday. Calls from outside the UK will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that SLC Registrars cannot provide investment advice, nor advise you on how to cast your vote on the Resolutions.
11. If a corporation is a member of the Company, it may by resolution of its directors or other governing body authorise one or more persons to act as its representative or representatives at the meeting and any such representative or representatives shall be entitled to exercise on behalf of the corporation all the powers that the corporation could exercise if it were an individual member of the Company. Corporate representatives should bring with them either an original or certified copy of the appropriate board resolution or an original letter confirming the appointment, provided it is on the corporation's letterhead and is signed by an authorised signatory and accompanied by evidence of the signatory's authority.
12. As at 4 August 2017 (being the latest practicable business day prior to the date of posting of this notice of General Meeting), the Company's issued Ordinary Share capital comprised 11,862,792 Ordinary Shares of £0.018 each and therefore that the total voting rights in the Company as at that time were 11,862,792.