

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or what action you should take, you should consult your stockbroker, bank manager, solicitor or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

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

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 and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 24 April 2018.

Defenx plc

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

Proposed Subscription of 10,564,676 New Ordinary Shares and Open Offer of 4,398,223 New Ordinary Shares at 8 pence per share

Proposed approval of a waiver under Rule 9 of the City Code on Takeovers and Mergers and Notice of General Meeting

This Circular should be read as a whole. Your attention is drawn to the letter from the Non-Executive Chairman of the Company which contains a recommendation by the Directors that you vote in favour of the Fundraising Resolutions and a recommendation by the Independent Directors that you vote in favour of the Whitewash Resolution. In addition, your attention is drawn to Part II of this Circular entitled "Risk Factors relating to the Defenx Group", which contains certain general and specific risks and uncertainties for the Defenx Group that should be considered by Shareholders when considering whether or not to make an investment in the Company.

The total consideration under the Open Offer shall be less than €5 million (or an equivalent sterling amount) in aggregate and the Subscription Shares are only available to qualified investors for the purposes of the Prospectus Directive or otherwise in circumstances not resulting in an offer of transferable securities to the public under Section 102B of FSMA. Therefore, in accordance with Section 85 and Schedule 11A of FSMA, this Circular is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this Circular has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom, pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body. In addition, this Circular does not constitute an admission document drawn up in accordance with the AIM Rules for Companies.

Notice of a General Meeting of the Company to be held at the offices of Trowers & Hamlin LLP, 3 Bunhill Row, London EC1Y 8YZ at 11.00 a.m. on 23 April 2018 is set out at the end of this Circular. Whether or not you intend to be present at the General Meeting you are urged to complete and return the enclosed Form of Proxy, in accordance with the instructions printed thereon, so as to be received by the Company's Registrars, SLC Registrars, 42-50 Hershaw Road, Walton-on-Thames, Surrey KT12 1RZ, as soon as possible and in any event by no later than 11.00 a.m. on 19 April 2018. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting in person should they so wish.

Strand Hanson Limited ("Strand Hanson"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company in connection with the Proposals and is not acting for any other person nor will it otherwise be responsible to any person for providing the protections afforded to customers of Strand Hanson, or for advising any other person in respect of the Proposals. Strand Hanson's responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of the Fundraising or any acquisition of Ordinary Shares. No representation or warranty, express or implied, is made by Strand Hanson as to any of the contents of this Circular (without limiting the statutory rights of any person to whom this Circular is issued). Strand Hanson has not approved the contents of, or any part of, this Circular and no liability whatsoever is accepted by Strand Hanson for the accuracy of any information or opinions contained in this Circular or for the omission of any information.

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

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

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

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 20 April 2018. The procedure for application and payment for Qualifying Shareholders is set out in Part V of this Circular, and, where relevant, in the accompanying Application Form.

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

FORWARD-LOOKING STATEMENTS

This Circular contains forward-looking statements. These relate to the Company's and/or the Defenx Group's future prospects, developments and strategies. Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "intend", "anticipate", "seek", "target", "may", "plan", "will" or the negative of those, variations of or comparable expressions, including by references to assumptions. The forward-looking statements in this Circular are based on current expectations and are subject to risks and uncertainties which could cause actual results to differ materially from those expressed or implied by those statements.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS	3
FUNDRAISING STATISTICS	4
COMPANY INFORMATION	5
DEFINITIONS AND GLOSSARY	6
PART I LETTER FROM THE NON-EXECUTIVE CHAIRMAN	11
PART II RISK FACTORS RELATING TO THE DEFENX GROUP	26
PART III FINANCIAL INFORMATION ON THE COMPANY	37
PART IV ADDITIONAL AND FINANCIAL INFORMATION ON BV TECH	38
PART V TERMS AND CONDITIONS OF THE OPEN OFFER	43
PART VI QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER	64
PART VII ADDITIONAL INFORMATION	71
NOTICE OF GENERAL MEETING	81

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2018

Record Date for entitlements under the Open Offer	6.00 p.m. on 3 April
Announcement of the Fundraising	7.00 a.m. on 6 April
Existing Ordinary Shares marked 'ex-entitlement' by the London Stock Exchange	8.00 a.m. on 6 April
Publication and posting of this Circular, the Form of Proxy and, to Qualifying Non-CREST Shareholders only, the Application Form	6 April
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to CREST stock accounts of Qualifying CREST Shareholders	9 April
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 16 April
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 17 April
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 18 April
Latest time and date for receipt of Forms of Proxy for the General Meeting	11.00 a.m. on 19 April
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)	11.00 a.m. on 20 April
General Meeting	11.00 a.m. on 23 April
Results of the General Meeting and the Fundraising expected to be announced	23 April
Admission and dealings in the Subscription Shares and the Open Offer Shares expected to commence on AIM	8.00 a.m. on 24 April
Expected date for CREST accounts to be credited with Subscription Shares and Open Offer Shares in uncertificated form	24 April
Expected date for despatch of share certificates in respect of Subscription Shares and Open Offer Shares to be issued in certificated form	by 1 May

Notes:

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

In order to subscribe for Open Offer Shares under the Open Offer, Qualifying Shareholders will need to follow the procedure set out in Part V of this Circular and Qualifying Non-CREST Shareholders will need to complete the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for application, acceptance and payment under the Open Offer, or (in the case of Qualifying Non-CREST Shareholders) wish to request another Application Form, they should contact the Shareholder helpline by telephone on 0371 384 2050 (UK) or +44 121 415 0259 (overseas). Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the proposals described in this Circular nor give any financial, legal or tax advice.

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

FUNDRAISING STATISTICS

Number of Existing Ordinary Shares	13,194,671
Issue Price per New Ordinary Share	8 pence
Number of Subscription Shares being issued pursuant to the Subscription	10,564,676
Number of Open Offer Shares being issued pursuant to the Open Offer	4,398,223
Total number of New Ordinary Shares being issued pursuant to the Fundraising	14,962,899
Enlarged Share Capital	28,157,570
Subscription Shares as a percentage of the Enlarged Share Capital	37.52
Open Offer Shares as a percentage of the Enlarged Share Capital	15.62
New Ordinary Shares as a percentage of the Enlarged Share Capital	53.14
Gross proceeds of the Subscription	£0.85 million
Gross proceeds of the Open Offer	£0.35 million
Gross proceeds of the Fundraising	£1.2 million
Expected market capitalisation of the Company on Admission at the Issue Price	£2.25 million
ISIN of the Open Offer Entitlements	GB00BFYN8Z00
ISIN of the Excess Open Offer Entitlements	GB00BFYN9029
ISIN of the Ordinary Shares following Admission	GB00BYNF4J61

COMPANY INFORMATION

Directors	Anthony Henry Reeves (<i>Non-Executive Chairman</i>) Raffaele Boccardo (<i>Non-Executive Deputy Chairman</i>) Alessandro Poerio (<i>Chief Executive Officer</i>) Andrea Steconi (<i>Founder and Executive Director</i>) Philipp Nicholas Andre Martin Prince (<i>Chief Financial Officer</i>) Leonard Robert Seelig (<i>Non-Executive Director</i>)
Company secretary	Liam O'Donoghue
Registered office	201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT
Business address	105 Victoria Street London SW1E 6QT
Nominated and Financial Adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Broker	WH Ireland Limited 24 Martin Lane London EC4R 0DR
Solicitors to the Company	Trowers & Hamblins LLP 3 Bunhill Row London EC1Y 8YZ
Registrars	SLC Registrars 42-50 Hersham Road Walton-on-Thames Surrey KT12 1RZ
Receiving Agent	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

DEFINITIONS AND GLOSSARY

The following definitions and technical terms apply throughout this Circular, the accompanying Form of Proxy and (where applicable) the Application Form, unless the context otherwise requires:

“Act”	the Companies Act 2006 (as amended);
“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies, expected to be on or around 24 April 2018;
“AIM”	the AIM market of the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
“AIM Rules for Companies”	the AIM Rules for Companies (including the guidance notes) published by the London Stock Exchange from time to time;
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time;
“Application Form”	the personalised application form which accompanies this Circular (where appropriate) on which Qualifying Non-CREST Shareholders (other than certain Overseas Shareholders) may apply for Open Offer Shares under the Open Offer;
“Bond Conversion Shares”	the Ordinary Shares to be issued by the Company upon conversion of Secured Convertible Bonds;
“Business Day”	a day (other than a Saturday or Sunday or public holiday) on which commercial banks are open for general business in London;
“BV Tech”	BV Tech S.p.A;
“BV Tech Group”	the group of companies of which BV Tech is the parent company;
“certificated form”	not in an uncertificated form;
“Circular”	this document;
“City Code”	the City Code on Takeovers and Mergers;
“Company” or “Defenx”	Defenx plc;
“Conditions”	the conditions, which are set out in full in this Circular, which have to be satisfied to enable the Fundraising to be completed in accordance with their terms and which include, <i>inter alia</i> , the passing of the Fundraising Resolutions and the Whitewash Resolution;
“CREST”	the electronic systems for the holding and transfer of shares in uncertificated form operated by Euroclear UK & Ireland Limited;
“CREST Manual”	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterpart Service Manual, the CREST Rules, the CREST Courier and Sorting Services Operations Manual, the Daily Timetable, the CREST Application Procedures and the CREST Glossary of Terms (as updated in November 2001);

“CREST member”	a person who has been admitted to CREST as a system member (as defined in the CREST Manual);
“CREST member account ID”	the identification code or number attached to a member account in CREST;
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
“CREST participant ID”	shall have the meaning given in the CREST Manual;
“CREST payment”	shall have the meaning given in the CREST Manual;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member;
“Dealing Day”	a day on which AIM is open for business, other than a day on which AIM is scheduled to or does close prior to its regular weekday closing time;
“Defenx Group”	the group of companies of which the Company and its subsidiary undertakings are members;
“Directors” or “the Board”	the directors of the Company whose names are set out on page 5 of this Circular;
“Enlarged Share Capital”	the Existing Ordinary Shares as enlarged by the issue of the New Ordinary Shares;
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for any number of Open Offer Shares in excess of their Open Offer Entitlement provided that they have agreed to take up their Open Offer Entitlement in full;
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, the entitlement (in addition to his/her Open Offer Entitlement) to apply for Open Offer Shares pursuant to the Excess Application Facility, which is conditional on him/her taking up his/her Open Offer Entitlement in full;
“Excess Open Offer Entitlement”	in respect of each Qualifying Shareholder, the entitlement (in addition to his/her Open Offer Entitlement) to apply for Open Offer Shares pursuant to the Excess Application Facility, which is conditional on him/her taking up his/her Open Offer Entitlement in full;
“Existing Ordinary Shares”	the 13,194,671 Ordinary Shares in issue at the date of this Circular;
“FCA”	the Financial Conduct Authority of the United Kingdom;
“Form of Proxy”	the form of proxy for use in relation to the General Meeting which accompanies this Circular;

“FSMA”	the UK Financial Services and Markets Act 2000 (as amended from time to time);
“Fundraising”	together, the Subscription and the Open Offer;
“Fundraising Resolutions”	together, the resolutions to grant the Directors authority to allot the Subscription Shares and the Open Offer Shares and the related disapplication of statutory pre-emption rights, to be proposed at the General Meeting and set out in the Notice of General Meeting as the resolutions numbered 2 and 4;
“General Meeting”	the general meeting of the Company to be held at the offices of Trowers & Hamblins LLP, 3 Bunhill Row, London EC1Y 8YZ, on 23 April 2018 at 11.00 a.m;
“Independent Directors”	means Anthony Reeves, Alessandro Poerio, Andrea Stecconi, Philipp Prince and Leonard Seelig;
“Independent Shareholders”	means the Shareholders, other than BV Tech;
“ISIN”	International Securities Identification Number;
“Issue Price”	8 pence per New Ordinary Share;
“London Stock Exchange”	London Stock Exchange plc;
“member account ID”	the identification code or number attached to any member account in CREST;
“Money Laundering Regulations”	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692);
“New Ordinary Shares”	together, the Subscription Shares and the Open Offer Shares;
“Notice of General Meeting”	the notice convening the General Meeting which is set out at the end of this Circular;
“Open Offer”	the conditional invitation made by the Company to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this Circular and, in the case of Qualifying Non-CREST Shareholders, in the Application Form;
“Open Offer Entitlement”	the <i>pro rata</i> entitlement of a Qualifying Shareholder, pursuant to the Open Offer, to apply to subscribe for 1 Open Offer Shares for every 3 Existing Ordinary Shares registered in their name as at the Record Date;
“Open Offer Shares”	4,398,223 new Ordinary Shares to be issued by the Company pursuant to the Open Offer subject, <i>inter alia</i> , to the passing of the Fundraising Resolutions and the Whitewash Resolution;
“Ordinary Shares”	ordinary shares of £0.018 each in the capital of the Company;
“Overseas Shareholders”	Shareholders with registered addresses in, or who are citizens, residents or nationals of, jurisdictions outside the UK;
“Panel”	the Panel on Takeovers and Mergers;
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;

“Proposals”	the Subscription, the Open Offer and the Rule 9 Waiver;
“Prospectus Rules”	the Prospectus Rules made in accordance with EU Prospectus Directive 2003/71/EC published by the FCA pursuant to Part VI of FSMA, as amended;
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares which, on the register of members of the Company on the Record Date, are in uncertificated form;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares which, on the register of members of the Company on the Record Date, are in certificated form;
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date with the exclusion (subject to exemptions) of persons with a registered address or located or resident in a Restricted Jurisdiction;
“Receiving Agent”	Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;
“Record Date”	the record date for the Open Offer, being 6.00 p.m. on 3 April 2018;
“Registrars” or “SLC Registrars”	SLC Registrars, 42-50 Hersham Road, Walton-on-Thames, Surrey KT12 1RZ;
“Relationship Agreement”	the relationship agreement between the Company and BV Tech dated 11 April 2017 as summarised in paragraph 8 of Part I of this Circular;
“Resolutions”	the resolutions proposed to be passed at the General Meeting as numbered 1 to 5 in the Notice of General Meeting;
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure for the Company if information or documentation concerning the Fundraising is sent or made available to Shareholders in that jurisdiction including, without limitation, the United States, Canada, Australia, the Republic of South Africa and Japan;
“Rule 9 Waiver”	means the waiver by the Panel of any obligation which would otherwise be imposed on BV Tech under Rule 9 of the City Code, as a result of its participation in the Fundraising;
“Secured Convertible Bonds”	has the meaning given in paragraph 6.1.4 of Part VII of this Circular;
“Securities Act”	the US Securities Act of 1933, as amended from time to time and the rules and regulations promulgated thereunder;
“Security Trustee”	the trustee to whom security has been granted in order to secure the Company’s and its subsidiaries’ obligations under the Secured Convertible Bonds, being Jade State Wealth Limited;
“Shareholder”	a holder of Ordinary Shares;
“Strand Hanson”	Strand Hanson Limited, the Company’s nominated adviser and financial adviser;

“Subscription”	the conditional subscription for the Subscription Shares pursuant to the Subscription Letter;
“Subscription Letter”	the letter of subscription entered into between the Company and BV Tech in connection with the Subscription;
“Subscription Shares”	10,564,676 new Ordinary Shares to be conditionally subscribed for by BV Tech for cash pursuant to the Subscription Letter and whose allotment and issue is conditional, <i>inter alia</i> , on the passing of the Fundraising Resolutions and the Whitewash Resolution at the General Meeting;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK Listing Authority” or “UKLA”	the UK Listing Authority, being the FCA acting as competent authority for the purposes of Part VI of FSMA;
“uncertificated form”	recorded on the relevant register or other record of the share or other security confirmed as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by way of CREST;
“United States”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
“USE”	unmatched stock event; and
“Whitewash Resolution”	the ordinary resolution of the Independent Shareholders concerning the waiver of obligations under Rule 9 of the City Code to be proposed at the General Meeting in connection with BV Tech’s participation in the Fundraising and set out in the Notice of General Meeting as the resolution numbered 1.

In this Circular:

- all references to “pounds”, “£”, “pence” or “p” are to the lawful currency of the United Kingdom;
- all references to “euros”, “€”, “cents” or “c” are to the lawful currency of the European Union;
- words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender;
- all references to legislation are to English legislation unless the contrary is indicated, and any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension thereof; and
- all times referred to are London time unless otherwise stated.

PART I

LETTER FROM THE NON-EXECUTIVE CHAIRMAN

Defenx plc

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

Directors:

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

Registered Office:

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

6 April 2018

To the Shareholders (and for information purposes only, to the holders of options and the Secured Convertible Bonds)

**Proposed Subscription of 10,564,676 New Ordinary Shares and
Open Offer of 4,398,223 New Ordinary Shares at 8 pence per share**

Approval of a waiver under Rule 9 of the City Code on Takeovers and Mergers

and

Notice of General Meeting

1. Introduction

Defenx has today announced proposals to raise approximately £1.2 million (gross) (approximately €1.38 million) by way of the issue of, in aggregate, 14,962,899 New Ordinary Shares at a price of 8 pence per New Ordinary Share for general working capital purposes.

The Fundraising comprises a Subscription and an Open Offer. BV Tech, the Company's strategic partner and substantial shareholder, has subscribed for all of the Subscription Shares at the Issue Price raising up to £0.85 million (gross) (approximately €0.97 million). In addition, the Company's Open Offer of 4,398,223 Open Offer Shares at the Issue Price will raise £0.35 million (gross) (approximately €0.41 million). The Open Offer is available to all Qualifying Shareholders and BV Tech has agreed to acquire any Open Offer Shares not subscribed for by Qualifying Shareholders.

The Issue Price of 8 pence represents a discount of approximately 15.8 per cent. to the closing middle market price of 9.5 pence per Ordinary Share on 5 April 2018, the latest practicable date prior to the date of this Circular.

Although the Company has certain on-going Shareholder authorities granted at the general meeting of the Company held on 23 August 2017, these are not sufficient to implement the Fundraising and issue of the New Ordinary Shares. Accordingly, the Company is seeking further Shareholder approval to grant the Directors authority to allot equity securities and to dis-apply statutory pre-emption rights in respect of an allotment of equity securities for cash in connection with the Fundraising, as well as renew the general on-going Shareholder authorities.

BV Tech is currently interested in 3,636,638 Existing Ordinary Shares, representing approximately 27.6 per cent. of the Existing Ordinary Shares. Accordingly, on completion of the Fundraising, depending on the participation in the Open Offer by Qualifying Shareholders, BV Tech's interest in the Company would increase to, in aggregate, between approximately 54.7 per cent. and 66.1 per cent. of the Enlarged Share Capital.

Accordingly, the Board is also seeking the approval of the Independent Shareholders for the Rule 9 Waiver (which the Panel has agreed to grant, subject to the passing of the Whitewash Resolution by the Independent Shareholders on a poll at the General Meeting) of any requirement of BV Tech to make a mandatory general offer under Rule 9 of the City Code as more fully set out in paragraph 6 of this Part I.

The Proposals are conditional upon, *inter alia*, Shareholder approval of the Fundraising Resolutions and the Whitewash Resolution, which will be sought at the forthcoming General Meeting to be held at the offices of Trowers & Hamlins LLP, 3 Bunhill Row, London EC1Y 8YZ at 11.00 a.m. on 23 April 2018. You will find a Notice of General Meeting at the end of this Circular. A Form of Proxy is also enclosed with this Circular.

The purpose of this Circular is to provide you with details of and background to the Fundraising and the Rule 9 Waiver and the reasons why the Directors believe that the Fundraising is in the best interests of the Company and its Shareholders as a whole and, also, why the Directors recommend that you vote in favour of the Fundraising Resolutions and the Independent Directors recommend that Independent Shareholders vote in favour of the Whitewash Resolution at the General Meeting.

The actions that you should take to vote on the Resolutions, and the recommendations of the Directors and Independent Directors in relation to the relevant Resolutions, are set out in paragraphs 11 and 15 of this Part I.

2. Current activities, strategic partnership with BV Tech and trading and prospects

Business activities

Defenx is a cyber security company that offers a range of products for the mobile, PC and network security markets. Defenx has built a product portfolio of security and protection solutions to which cloud-based backup was added with the acquisition of Memopal S.r.l. (since renamed Defenx Italia S.r.l.) in 2016.

The Defenx Group's products fit into three complementary segments:

- security – anti-malware software
- backup – cloud-based backup and synchronisation
- protection – applications to monitor, manage and secure online activities

The Board is now looking to implement a strategic plan, *Defenx 2020*, which aims to narrow the focus of the Defenx Group's short to medium- term development and sales efforts on cloud backup for the corporate market. This strategy reflects the changing competitive landscape, growing demand for cloud-based services, feedback from existing and potential customers and the support of BV Tech, the Defenx Group's strategic partner.

Strategic partnership with BV Tech

In 2017, the Company entered into a long-term strategic partnership with BV Tech, a leading independent Italian corporate IT and cyber security solutions provider, comprising, in part, a software acquisition by Defenx and cash subscription by BV Tech, with the intention to enhance Defenx's product portfolio and enable the Company to penetrate the European corporate market to generate high-quality, recurring revenues in the medium term.

On 11 April 2017, BV Tech subscribed £982,299 for a 9.1 per cent. shareholding in the Company. At the same time, Defenx acquired a bespoke version of BV Tech's encrypted voice and messaging software for €2.65 million (£2.26 million) that was settled through the issue of 1,982,222 ordinary shares, which together with 300,000 ordinary shares acquired from holders of deferred shares upon their conversion, meant BV Tech's shareholding in the Company was increased to 26.7 per cent.

On 22 June 2017, Defenx, via its subsidiary Defenx Italia S.r.l., entered into a software distribution contract with BV Tech (the "**Software Distribution Contract**"), which was in line with the terms offered to other major Defenx channel partners. Under the Software Distribution Contract, which was for an initial term of three years subject to 180 days' notice by either party, the Company offers its product range for sale by BV Tech on a global, non-exclusive basis.

On 7 August 2017, BV Tech invested a further £250,000 in the Company by way of a subscription to increase its then shareholding to 28.6 per cent. as part of a wider equity placing and the issue of the Secured Convertible Bonds.

On 26 September 2017, Defenx entered into a master services agreement with BV Tech (the “**Master Services Agreement**”), a framework agreement to govern the process by which Defenx may assign work to BV Tech as a related party in accordance with the AIM Rules. The Master Services Agreement acknowledges that BV Tech will act in the best interests of Defenx and on an arm’s length basis in relation to the provision of any software development services to the Company and that, notwithstanding that fact, BV Tech is a preferred supplier of such services to the Company given its expertise and relationship with Defenx.

On 10 January 2018, Defenx entered into a contract with BV Tech, in accordance with the Master Services Agreement, for support services relating to technological and systems insourcing including the provision of an interim-CTO for the Defenx Group.

Current trading and prospects

In its interim results for the six months ended 30 June 2017, released on 27 September 2017, the Company announced revenues of €3.13 million and an operating loss (before transaction costs) of €1.31 million.

On 28 February 2018, the Company announced that revenues would be materially below those in the prior year ended 31 December 2016 and, accordingly, that the Defenx Group would report a significant loss, including one-off impairment charges, for the full year ended 31 December 2017.

The revenue shortfall initially arose from delays in the delivery of product updates to address performance issues in the Defenx Group’s security products, back-end integration with certain customers’ systems and other commitments made by the sales team. This resulted in the cancellation of confirmed orders, the return of some invoiced sales from the first half of 2017, and customer claims for further returns and compensation. The Company has received some claims in relation to these issues, but does not yet have full clarity on the likely quantum of claims or of how likely these are to succeed against the Company.

In addition, PC Security Suite sales were reduced by one-off incentives ahead of the launch of its in-house product. The PC Security Suite Windows client and network versions, which were due to be launched together in early 2018, have been delayed due to limited resources.

Due to the uncertainty relating to security segment sales returns and compensation, the Defenx Group is not yet able to report its revenues for the year ended 31 December 2017; however, the Company is committed to reporting its results for the full year ended 31 December 2017 in accordance with the AIM Rules by 30 June 2018.

Whilst management is actively seeking to resolve customer claims, balancing short term cash collections with longer term customer retention and sales opportunities, the collection of trade debtors remains difficult with limited collections since mid-November 2017. All options to collect amounts due to the Defenx Group including, where appropriate, legal proceedings are being pursued.

At the same time, progress in addressing the performance issues has been slow due to the constrained resources of the Defenx Group and because it has not been possible to agree continued development and support from the Defenx Group’s existing external developer in Romania on acceptable terms. Support work is therefore being undertaken by the Defenx Group’s internal development team with support from BV Tech, although this is proceeding more slowly than originally expected due to significant staff losses. Recruitment plans are in place and budgeted to rebuild the team once the Company’s financial position is secure.

In addition, an external review is underway to understand the performance and back-end integration issues and determine how best to deliver value from the Defenx Group’s investment in security products.

The Company announced on 28 February 2018 that it had €760,000 of undrawn loan facilities available. Following the withdrawal of the supply chain facility, as at 5 April 2018 (being the latest practicable date

prior to the date of this Circular) undrawn facilities stood at €270,000, consisting of €250,000 invoice discounting facilities and an overdraft of €20,000.

3. Background to and reasons for the Fundraising

The Defenx Group now needs to rebuild its operations and development teams following the departure of the majority of its Rome based team. This has resulted in a knock-on delay in the broadening of the Defenx Group's product portfolio, notably to address the corporate sector. Accordingly, the conversion of new corporate opportunities into firm orders is taking longer and requiring more investment than was initially anticipated. These factors combined have resulted in the Defenx Group having insufficient funding to continue trading and start to implement its revised strategy, *Defenx 2020*.

4. Use of proceeds

The net proceeds of the Fundraising are required:

- in order for the Defenx Group to rebuild its team and continue to operate its business in the short term;
- to service the Defenx Group's outstanding debt obligations;
- to fund the operations of the Defenx Group as it implements the new strategy set out above; and
- for general working capital requirements.

The funds raised will be used to progress the *Defenx 2020* business plan. However, there can be no certainty that the net proceeds of the Fundraising will be sufficient to meet the working capital requirements of the Defenx Group in returning it to profitable trading.

5. Information on the Fundraising

5.1 The Subscription

The Company has conditionally raised gross proceeds of £1.20 million (approximately €1.38 million) through the issue by the Company of 10,564,676 Subscription Shares at the Issue Price to BV Tech pursuant to the terms of the Subscription Letter. The Issue Price of 8 pence represents a discount of approximately 15.8 per cent. to the closing middle market price of 9.5 pence per Ordinary Share on 5 April 2018, the latest practicable date prior to the date of this Circular.

The Subscription is, *inter alia*, conditional upon the passing of the Fundraising Resolutions and the Whitewash Resolution at the General Meeting and Admission.

5.2 The Open Offer

In addition, in order to provide Shareholders with an opportunity to participate in the Fundraising, the Company is providing all Qualifying Shareholders with the opportunity to subscribe, at the Issue Price, for an aggregate of 4,398,223 Open Offer Shares, raising gross proceeds of £0.35 million (approximately €0.41 million). BV Tech has agreed to subscribe for its own Open Offer Entitlement and any additional Open Offer Shares not subscribed for by other Shareholders. This both allows Qualifying Shareholders to participate in the Open Offer on a pre-emptive basis whilst providing the Company with the certainty that the Open Offer will raise gross proceeds of £0.35 million.

Subject to fulfilment of the conditions set out below, and in Part V of this Circular, the Open Offer provides Qualifying Shareholders with the opportunity to apply to acquire Open Offer Shares at the Issue Price *pro rata* to their holdings of Existing Ordinary Shares as at the Record Date on the following basis:

1 Open Offer Shares for every 3 Existing Ordinary Shares

and in proportion for any other number of Existing Ordinary Shares then held.

Entitlements to apply to acquire Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be disregarded in calculating an

Open Offer Entitlement and will be aggregated and made available to Qualifying Shareholders pursuant to the Excess Application Facility.

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

Excess Applications

The Open Offer is structured to allow Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price *pro rata* to their holdings of Existing Ordinary Shares. Qualifying Shareholders may also make applications in excess of their *pro rata* initial entitlement up to an amount equal to 10 times the total number of Existing Ordinary Shares held in such Qualifying Shareholder's name as at the Record Date. If however Qualifying CREST Shareholders wish to apply for more than 10 times the total number of Existing Ordinary Shares held in such Qualifying Shareholder's name as at the Record Date, the Qualifying CREST Shareholder should contact Equiniti who will arrange for the additional excess Open Offer Shares to be credited to the relevant CREST account of the Qualifying CREST Shareholder. 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 Independent Directors' discretion to the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility. As noted above, BV Tech has undertaken to apply for all of the Open Offer Shares available under the Excess Application Facility, together with the Open Offer Shares which it has undertaken to take up in respect of its own pro-rata entitlements under the Open Offer. Applications under the Excess Application Facility may be allocated in such manner as the Independent Directors may determine, in their absolute discretion, and no assurance can be given that any applications under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all.

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

Overseas Shareholders

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

CREST instructions

Application has been made for the Open Offer Entitlements and Excess Open Offer Entitlements for Qualifying CREST Shareholders to be admitted to CREST. It is expected that the Open Offer Entitlements will be admitted to CREST on 9 April 2018. The Excess Open Offer Entitlements will also be enabled for settlement in CREST on 9 April 2018. Applications through the CREST system will only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Admission, settlement and dealings

Application will be made to the London Stock Exchange for the Open Offer Shares, together with the Subscription Shares, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in respect of the New Ordinary Shares will commence at 8.00 a.m. on 24 April 2018. Further information in respect of settlement and dealings in the Open Offer Shares is set out in paragraph 7 of Part V of this Circular.

Upon Admission:

- the Subscription Shares will represent approximately 37.52 per cent. of the Enlarged Share Capital; and
- the Open Offer Shares will represent approximately 15.62 per cent. of the Enlarged Share Capital.

The New Ordinary Shares will represent, in aggregate, approximately 113.4 per cent. of the Company's Existing Ordinary Shares and approximately 53.14 per cent. of the Enlarged Share Capital.

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

5.3 **Secured Convertible Bonds**

The Company has issued the Secured Convertible Bonds, the terms of which include provision for the adjustment of the conversion price at which the Secured Convertible Bonds may be converted into Ordinary Shares. Upon the issue of the New Ordinary Shares, the original conversion price of £2.00 would be adjusted to £1.808 and the number of Bond Conversion Shares from the current number of 625,000 to 691,371. Please see paragraph 6.1.4 of Part VII of this Circular for further detail.

5.4 **Removal of EIS relief**

If completed on the terms set out in this Circular, the Fundraising will result in BV Tech's shareholding in the Company being in excess of 50 per cent. This will mean that the Company will be controlled by BV Tech and cease to be a qualifying company for the purposes of the enterprise investment scheme (EIS) and the venture capital trusts (VCT) regime. Accordingly, existing Shareholders who have invested within three years of the date whereby it is considered by HMRC that BV Tech has entered into arrangements to exercise control will lose the EIS or VCT reliefs in respect of their Existing Ordinary Shares. This will include a claw back of any reliefs already claimed. Investors who have held their shares for more than three years from that date should not have their EIS or VCT reliefs affected.

The Independent Directors appreciate that the withdrawal of EIS and VCT will have significant tax consequences for affected Shareholders. However, the Independent Directors believe that given the Defenx Group's current circumstances, the interests of the Independent Shareholders as a whole are not best served by acting in a way that preserves the Company's EIS and VCT qualifying status, and that the Company's current financial position requires the Fundraising to complete as a priority.

5.5 **City Code on Takeovers and Mergers**

The Company is subject to the City Code and the requirements of Rule 9, which requires that any person who acquires, whether by a series of transactions over a period of time or not, an Interest in Securities (as defined in the City Code) which, taken together with shares in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, will normally be required to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with any persons acting in concert with him, is interested in shares which, in aggregate, carry not less than 30 per cent. of the voting rights of such a company but not more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person, or any person acting in concert with him.

An offer under Rule 9 of the City Code must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of the offer.

Rule 9 of the City Code further provides, *inter alia*, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company and acquires an interest in shares which carry additional voting rights, then they will not normally be required to make a general offer to the other shareholders to acquire their shares. However, the Panel may deem an obligation to make an offer to have arisen on the acquisition by a single member of a concert party of an interest in shares sufficient to increase his individual holding to 30 per cent. or more of a company's voting rights, or, if he already holds more than 30 per cent. but less than 50 per cent., an acquisition which increases his shareholding in that company.

Under the City Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal) co-operate to obtain or consolidate control of, or to frustrate the successful outcome of an offer for a company, subject to the City Code. Control means an interest, or interests, in shares carrying, in aggregate, 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control.

5.6 **Participation by BV Tech in the Fundraising**

The Company's largest Shareholder is BV Tech, which is interested in 3,636,638 Existing Ordinary Shares, representing approximately 27.6 per cent. of the Existing Ordinary Shares.

BV Tech has subscribed for 10,564,676 Subscription Shares and has also undertaken to apply for all of its Open Offer Entitlements. In addition, BV Tech will apply for all of the remaining Open Offer Shares under the Excess Application Facility, other than the Open Offer Shares which it has undertaken to take up in respect of its pro-rata entitlements under the Open Offer. Accordingly, BV Tech has undertaken to apply for, in aggregate, 4,398,223 Open Offer Shares.

On completion of the Fundraising, depending on the participation in the Open Offer by Qualifying Shareholders, BV Tech's interest in the Company would increase to, in aggregate, between a minimum of approximately 54.7 per cent. and a maximum of approximately 66.1 per cent. of the Enlarged Share Capital.

Furthermore, on completion of the Fundraising, BV Tech's shareholding in the Company would remain above 50 per cent. on a fully diluted basis (i.e. following the issue of new Ordinary Shares subsequent to the exercise of all outstanding options and warrants and the conversion of the Secured Convertible Bonds).

As BV Tech will be interested in over 50 per cent. of the voting rights in the Company, it will be free to increase its aggregate holding of Ordinary Shares (and to acquire further interests in the same) without any obligation to make a general offer for the Company under the provisions of Rule 9 of the City Code.

5.7 **Information on the BV Tech Group**

Founded in 2005, BV Tech is a leading independent corporate IT solutions provider in Italy, and the parent of a group of companies operating in the management consulting and information & communication technology sectors. The BV Tech Group operates across multiple industry verticals including finance, telecoms, media, healthcare, defence and homeland security and has gained significant experience in design, implementation and transformation projects of complex ICT infrastructures with particular focus on information security management, fraud prevention and cyber security.

In 2016, BV Tech generated a production value (*valore della produzione*)¹ of approximately €32 million and it employed 193 employees on average during the course of the year, including engineers and IT experts. In the same year, the BV Tech Group generated a production value (*valore della produzione*) of approximately €56 million. BV Tech expects to invest over €30 million in R&D over the next three to four years, including through its collaboration with the Massachusetts Institute of Technology (MIT). Significant customers of the BV Tech Group include the Lombardy and Veneto regional governments,

¹ Under the Italian Civil Code (Article 2425), *valore della produzione*, includes: net sales revenues, change in the inventory of work in progress, increases in assets due to own work capitalised, and other revenues and income.

the Italian Ministry of Justice, TIM (Telecom Italia Mobile), American Express, Alcatel-Lucent, NATO, Bulgari, Eni and Saipem.

Additional information on the BV Tech Group is set out in Part IV of this Circular.

5.8 **Related Party Transaction**

The participation in the Fundraising by BV Tech, and the entry into the Subscription Letter, will constitute a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies, as Mr Boccardo is a Director of the Company, Mr Francione was a Director of the Company within the last 12 months, BV Tech is a substantial shareholder in the Company and the aggregate subscription by BV Tech pursuant to the Fundraising for up to 14,962,899 New Ordinary Shares will exceed 5 per cent. in certain of the class tests (as that term is defined in the AIM Rules for Companies).

Accordingly, the Independent Directors confirm that, having been so advised by the Company's nominated adviser, Strand Hanson, they consider the terms of the participation by BV Tech in the Fundraising, and the entry into the Subscription Letter, to be fair and reasonable insofar as Shareholders are concerned, and in the best interests of Shareholders and of the Company as a whole.

6. **Rule 9 Waiver and Whitewash Resolution**

BV Tech's participation in the Fundraising will increase its aggregate percentage shareholding of the Company's issued share capital to over 30 per cent. of the Company's issued share capital and as such mean BV Tech would be required to make a mandatory offer for the remainder of the Company's issued share capital under Rule 9 of the City Code.

Under Note 1 of the Notes on the Dispensations from Rule 9 of the City Code, the Panel may waive the requirement for a general offer to be made in accordance with Rule 9 of the City Code if, *inter alia*, the shareholders of the company who are independent of the person who would otherwise be required to make an offer, and any person acting in concert with him, pass an ordinary resolution on a poll at a general meeting.

Accordingly, the Company proposes that the Independent Shareholders be asked to waive the obligation on BV Tech to make a mandatory offer under Rule 9 of the City Code, which would otherwise arise as a result of BV Tech's participation in the Fundraising.

The Panel has agreed, subject to the passing of the Whitewash Resolution by the Independent Shareholders on a poll at the General Meeting, to waive the requirement under Rule 9 of the City Code for BV Tech to make a mandatory offer for the Ordinary Shares not already owned by it or persons connected with it as would otherwise arise on BV Tech's participation in the Fundraising.

As a result of the Fundraising, BV Tech will be interested in over 50 per cent. of the voting rights in the Company, and it will therefore be free to increase its aggregate holding of Ordinary Shares (and to acquire further interests in the same) without any obligation to make a general offer for the Company under the provisions of Rule 9 of the City Code.

7. **Intentions of BV Tech**

BV Tech believes that it is the ideal long-term strategic partner for the Company and is well positioned to support the Company's executive management in implementing the Company's revised strategy, *Defenx 2020* and to strengthen the Company's technology offering. As such, BV Tech is prepared to support the Company by participating in the Fundraising as described herein, in order to ensure that the Company raises sufficient funds in order to enable management to effectively address the current circumstances and to implement *Defenx 2020*.

The Fundraising will allow the Company to focus on key areas of its business, addressing the issues that have arisen with its security products, and driving growth and development of the services provided by the Company in connection to cloud backup for the corporate market. BV Tech recognises the value in the Company's products, and intends that these products shall remain the core products following

implementation of the Offer. BV Tech does not intend to change the Company's research and development functions.

BV Tech attaches great importance to the skills, experience and industry knowledge of the employees of the Company, and values the Company's employees as they will play an important role in the future of the business.

In relation to the Board, on or shortly after completion of the Fundraising, it is proposed that the following changes will be made to the Board:

- BV Tech will appoint a new director to the Board as its second nominated director on the Board (in accordance with the terms of the Relationship Agreement summarised in paragraph 8 of Part I of this Circular);
- the Founder and Executive Director, Andrea Stecconi, will resign from the Board of the Company, following the General Meeting;
- the Chief Financial Officer, Philipp Prince, will resign as Chief Financial Officer with effect from the earlier of i) 30 June 2018; ii) publication of the Annual Financial Results; or iii) appointment of a suitable new CFO to the Board. An external search for a successor has now commenced and further announcements will follow in due course; and
- the independent non-executive Director, Leonard Seelig, will resign from the Board, once an appropriate successor has been appointed.

Other than these Board and executive director changes, BV Tech does not intend to make any changes to the balance of the skills and functions of the employees and management of the Company, or the continued employment of its employees (including any material change in conditions of employment).

BV Tech does not intend to redeploy any of the Company's fixed assets or make any changes to the locations of the Company's headquarters, places of business, or R&D facilities, or to the Company's headquarters' functions.

BV Tech confirms that, following the implementation of the Fundraising, the existing contractual and statutory employment rights, including in relation to pensions, of all the Company's employees, will be fully safeguarded and honoured.

As required by the City Code, BV Tech confirms and has confirmed to the Company that except as described above, it is not proposing, following the increase in its Shareholding as a result of the Fundraising, to seek any change in the general nature or strategy of the Company's business, including its research and development functions, and has also confirmed that no party acting in concert with it intends to take any action (whether acting in its capacity as a Director or a Shareholder) to effect any such change or to alter: the continued employment of its employees (including any material change in conditions of employment); the balance of the skills and functions of the employees; employer contributions into the Company's pension schemes; the location of the Company's places of business, including the location of its headquarters, nor any changes to its headquarters functions; and the deployment of the Company's fixed assets.

Save as described above, the Board intends to continue to conduct the business of the Company in the same manner as it is currently conducted and there are no plans to introduce any material change to the business of the Company.

BV Tech has no intention to cause the Company to cease to maintain any of the trading facilities in respect of the Ordinary Shares.

In the event that the Fundraising and Rule 9 Waiver are approved at the General Meeting, BV Tech will not be restricted from making an offer for the Company.

8. Relationship Agreement

On 11 April 2017, the Company and BV Tech entered into the Relationship Agreement, pursuant to which, *inter alia*:

- BV Tech was granted the right to appoint two Directors to the Board, and to continue to be entitled to have two Directors on the Board for so long as it continues to hold at least 20 per cent. of the issued share capital of the Company; and
- on the basis that BV Tech held (at that time) approximately 24.8 per cent. of the Company's issued share capital, various provisions were agreed between the Company and BV Tech in order to regulate the relationship between the Company and BV Tech.

The Relationship Agreement provides for the Company to be able to carry on its business independently of BV Tech and for transactions and relationships between BV Tech and the Company to be at arm's length and on normal commercial terms. To this end, pursuant to the Relationship Agreement, for so long as BV Tech and its associates continue to be interested in at least 20 per cent. of the Company's issued share capital, *inter alia*:

- the parties shall procure that all transactions and relationships between any member of the Defenx Group on the one hand and BV Tech and any of its associates on the other, are conducted at arm's length and on a normal commercial basis;
- the Board shall at all times be comprised of a majority of Directors who have not been nominated by BV Tech, with the parties procuring that an appropriate number of independent Directors are on the Board at all times in order to ensure that this remains the case; and
- BV Tech and its associates shall, *inter alia*:
 - not prevent the Company and the Defenx Group from due compliance with all laws, rules and regulations applicable to it and them;
 - ensure the Company's nominated adviser is consulted as appropriate in respect of the Company's conduct and activities; and
 - not, without the agreement of all of the Independent Directors seek to procure or vote on any resolution to cancel the Company's admission to trading on AIM, terminate or vary the terms of the Relationship Agreement, or remove or replace Strand Hanson as the Company's nominated adviser.

Under the Relationship Agreement, BV Tech also agreed to customary lock-in restrictions whereby neither BV Tech nor its associates are to sell or transfer any Ordinary Shares held by them for:

- 12 months following the date of the admission to trading of the new Ordinary Shares issued pursuant to the Relationship Agreement (which took place on 9 May 2017); and
- a further 12 months subject to customary orderly market arrangements.

Shareholders should note that the lock-in will expire in May 2018 and BV Tech is not entering into any new lock-in restrictions as part of the Fundraising.

9. General Meeting

A General Meeting of the Company, notice of which is set out at the end of this Circular, is to be held at the offices of Trowers & Hamlins LLP, 3 Bunhill Row, London EC1Y 8YZ on 23 April 2018 at 11.00 a.m. at which the Resolutions will be proposed. Please note that the summary and explanation set out below is not the full text of the Resolutions and Shareholders should review the full text of the Resolutions before returning their Forms of Proxy.

The Resolutions can be summarised as follows:

- Resolution 1, which will be proposed as an ordinary resolution, seeks the approval of the Independent Shareholders to waive the obligation on BV Tech which would otherwise arise under Rule 9 of the City Code to make an offer for the Company as a result of the participation of BV Tech in the Fundraising and the consequent shareholding in the Company that will be held by BV Tech.

- Resolution 2, which will be proposed as an ordinary resolution, and which is subject to and conditional upon the passing of Resolution 1, is to authorise the Directors to allot relevant securities up to an aggregate nominal value of £269,332.18 in connection with the Fundraising.
- Resolution 3, which will be proposed as an ordinary resolution, is to authorise the Directors to allot equity securities up to an aggregate nominal amount of £168,945.41 (being 33.3 per cent. of the Enlarged Share Capital).
- Resolution 4, which will be proposed as a special resolution and which is subject to and conditional upon the passing of Resolution 1 and Resolution 2, disapplies statutory pre-emption rights, provided that such authority shall be limited to the allotment of equity securities in connection with the Fundraising.
- Resolution 5, which will be proposed as a special resolution and which is subject to the passing of Resolution 3, disapplies statutory pre-emption rights, provided that such authority shall be limited to, *inter alia*, the allotment of equity securities up to an aggregate nominal amount of £50,683.63 (being 10 per cent. of the Enlarged Share Capital).

In the case of Resolutions 3 and 5 proposed to renew and refresh the standing share authorities, is considered prudent to maintain the flexibility that such authorities provide and therefore to refresh the authorities that were approved at the Company's last annual general meeting.

Only the Independent Shareholders will be entitled to vote on Resolution 1 which will be conducted on a poll at the General Meeting.

10. Taxation

10.1 *Introduction*

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

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

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

10.2 *UK taxation of chargeable gains*

Ordinary Shares acquired pursuant to the Open Offer

As a matter of UK tax law, the acquisition of Open Offer Shares pursuant to the Open Offer may not, strictly speaking, constitute a reorganisation of share capital for the purposes of UK taxation of chargeable gains. The published practice of HMRC to date has been to treat any subscription of shares by an existing Shareholder which is equal to or less than the Shareholder's minimum entitlement pursuant to the terms of an open offer as a reorganisation, but it is not certain that HMRC will apply this practice in circumstances where an open offer is not made to all Shareholders. HMRC's treatment of the Open Offer cannot therefore be guaranteed and specific confirmation has not been requested in relation to the Open Offer.

To the extent that the acquisition of the Open Offer Shares pursuant to the Open Offer is treated as a reorganisation of the share capital of the Company for the purposes of UK taxation of chargeable gains, the Open Offer Shares issued to a Shareholder will be treated as the same asset as, and as

having been acquired at the same time as, the Shareholder's existing holding of Ordinary Shares. The price paid for the Open Offer Shares will be added to the base cost of Shareholder's existing holding of Ordinary Shares for the purpose of calculating any chargeable gain or allowable loss on a subsequent disposal.

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

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

Disposals of Ordinary Shares

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

10.3 UK taxation of dividends

No withholding tax

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

UK resident individual Shareholders

Since 6 April 2016, an individual shareholder who is resident for tax purposes in the UK is entitled to an annual tax-free allowance of £5,000 of dividend income. The Government has announced that this will be reduced to £2,000 from tax year 2018/19.

To the extent that dividend income exceeds the annual tax free dividend allowance, tax will be imposed at the rates of:

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

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

UK resident Shareholders within the charge to UK corporation tax

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of United Kingdom taxation of dividends) will not generally be subject to UK corporation tax on dividends paid by the Company on the Ordinary Shares.

Other Shareholders within the charge to UK corporation tax will not be subject to corporation tax on dividends paid by the Company on the Ordinary Shares so long as the dividends fall within an exempt class and certain conditions are met. Although it is likely that dividends paid by the Company on the Ordinary Shares would qualify for exemption from corporation tax, it should be noted that the exemption is not comprehensive and is subject to anti-avoidance rules. Shareholders should therefore consult their own professional advisers where necessary.

10.4 UK stamp duty and stamp duty reserve tax

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

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

10.5 **EIS relief**

For the avoidance of doubt, should the Company cease to be a qualifying company for enterprise investment scheme (EIS) purposes on completion of the Fundraising as per section 5.4 of Part I of this Circular, then an acquisition of Open Offer Shares will not be a qualifying investment for EIS purposes.

11. Action to be taken

General Meeting

You will find enclosed with this Circular, a Form of Proxy for use at the General Meeting. Whether or not you intend to attend the General Meeting in person you are requested to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Company's registrars, SLC Registrars, 42-50 Hershams Road, Walton-on-Thames, Surrey KT12 1RZ as soon as possible and in any event by no later than 11.00 a.m. on 19 April 2018. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

Open Offer

If you are a Qualifying Non-CREST Shareholder you will have received an Application Form which gives details of your entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for Open Offer Shares under the Open Offer (whether in respect of your Open Offer Entitlement or both your Open Offer Entitlement and any Excess Open Offer Entitlement), you should complete the accompanying Application Form in accordance with the procedure for application set out in Part V of this Circular and on the Application Form itself.

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

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 20 April 2018. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Open Offer Entitlements or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part V of this Circular.

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

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

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

12. Overseas Shareholders

It is the responsibility of any person receiving a copy of this Circular, the Open Offer Entitlements and/or the Application Form outside of the United Kingdom to satisfy himself/herself 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 other issue, transfer or other taxes due in such territory. Such persons should consult their professional advisers as to whether they require any governmental and/or other consents or need to observe any other formalities to enable them to take up their entitlements. Persons (including, without limitation, nominees and trustees) receiving this Circular, the Open Offer Entitlements and/or the Application Form should not, in connection with the Fundraising, distribute or send them into any jurisdiction when to do so would, or might, contravene local securities laws or regulations. Any person who does forward this Circular into any such jurisdictions should draw the recipient's attention to the contents of paragraph 6 of Part V of this Circular regarding Overseas Shareholders. If you are an Overseas Shareholder, it is important that you read that part of this Circular.

13. Irrevocable undertakings

The Company has received irrevocable undertakings to vote in favour of the Resolutions to be proposed at the General Meeting as follows:

Whitewash Resolution

A total of 1,954,341 Ordinary Shares equating to 14.81 per cent. of the Existing Ordinary Shares currently in issue, which have been received from the Directors.

BV Tech will not vote on the Whitewash Resolution.

Other Resolutions

A total of 5,590,979 Ordinary Shares equating to 42.37 per cent. of the Existing Ordinary Shares currently in issue.

Details of these irrevocable undertakings are as follows:

- BV Tech in respect of 3,636,638 Existing Ordinary Shares, representing approximately 27.6 per cent. of the Existing Ordinary Shares; and
- the Directors in respect of 1,954,341 Existing Ordinary Shares, representing approximately 14.81 per cent. of the Existing Ordinary Shares.

14. Importance of vote

The Fundraising is required in order for the Defenx Group to be able to continue to operate its business in the short term and in order to service the Defenx Group's outstanding debt obligations. Shareholders should note that, in the event the Fundraising Resolutions and the Whitewash Resolution are not approved, the Fundraising will not proceed, in which case, the Directors believe that:

- the Company and the Defenx Group will be unable to continue to fund its ongoing business activities in accordance with its business plan. The inability to carry on business as planned or disruption to the ongoing business activities of the Defenx Group would be likely to have a material adverse effect on the Defenx Group's results of operations and financial condition;
- the Company will be unable to repay the Secured Convertible Bonds (as more fully described in paragraph 6.1.4 of Part VII of this Circular) and other debt facilities in accordance with their terms, and thus will become in default pursuant to their terms;
- the Company would need immediately to seek alternative sources of funds to be able to carry on its business operations and service its debt obligations. The Directors are unable to provide any assurance that alternative financing or re-financing could immediately be secured or, that if it were secured, it would be on terms as favourable to the Company as the Fundraising, or would not result in a substantial dilution of Shareholders' interests;

- the Company's obligations pursuant to the Secured Convertible Bonds have been secured over the assets of the Company and the Defenx Group. If the Company is in default pursuant to the terms of the Secured Convertible Bonds and a demand for payment is made by the Security Trustee that the Company is unable to meet, the Defenx Group's assets would be at risk of being subject to enforcement action. Any such risk could materially affect the ability of the Company to trade and continue its business as planned, and result in the Defenx Group's results of operations and financial condition being materially and adversely affected.

The Directors are therefore of the view that the Defenx Group's future viability is dependent upon the passing of the Fundraising Resolutions and the Whitewash Resolution.

15. Recommendations

15.1 The Independent Directors, who have been so advised by the Company's financial adviser, Strand Hanson, consider the terms of the Proposals to be fair and reasonable and in the best interests of the Independent Shareholders and of the Company as a whole. Accordingly, the Independent Directors recommend that the Independent Shareholders vote in favour of the Whitewash Resolution (Resolution 1) at the General Meeting as they intend to do in respect of their entire holdings which amount to interests in 1,954,341 Ordinary Shares, representing approximately 14.81 per cent. of the Existing Ordinary Shares.

This advice was provided by Strand Hanson to only the Independent Directors and, in providing such advice, Strand Hanson has taken into account the Independent Directors' commercial assessments.

15.2 The Directors consider that the Fundraising is in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders vote in favour of the Fundraising Resolutions at the General Meeting as they intend to do in respect of their entire holdings which amount to interests in 5,590,979 Ordinary Shares, representing approximately 42.37 per cent. of Existing Ordinary Shares.

Voting on the Whitewash Resolution will be by means of a poll at the General Meeting of Independent Shareholders. BV Tech will not vote on the Whitewash Resolution at the General Meeting.

Anthony Henry Reeves
Non-Executive Chairman

PART II

RISK FACTORS RELATING TO THE DEFENX GROUP

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

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

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

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

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

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

RISKS RELATING TO THE FUNDRAISING

Risks relating to the Fundraising Resolutions and the Whitewash Resolution not being passed

If the Fundraising Resolutions and the Whitewash Resolution are not passed, the Company will not be able to proceed with the Fundraising in the form currently envisaged.

Resolutions 1 to 3 to be proposed at the General Meeting will be proposed as ordinary resolutions. Resolution 1 will be taken on a poll at the General Meeting and, in order to be passed, will require the approval of a simple majority of the total voting rights of the Independent Shareholders who (being entitled to do so) vote on such resolution at the General Meeting in person or by proxy.

In order to be passed, Resolutions 2 and 3 will require the approval of a simple majority of the Shareholders who (being entitled to do so) vote on such resolution at the General Meeting in person or by proxy. Resolutions 4 and 5 to be proposed at the General Meeting will be proposed as special resolutions and, to be passed, will require the approval of not less than 75 per cent. of the total voting rights of Shareholders who (being entitled to do so) vote on such resolution at the General Meeting in person or by proxy.

The Subscription and the Open Offer are conditional, *inter alia*, on the passing of the Fundraising Resolutions and the Whitewash Resolution. In the event that the Fundraising Resolutions and the Whitewash Resolution are not passed, the Company will not be able to proceed with the Fundraising in the form currently envisaged, with the result that the anticipated net proceeds of the Fundraising will not become available to fund proposed upcoming expenditure and achieve the objectives currently pursued by the Board. In addition, the Defenx Group may not be able to service its payment obligations under the Secured Convertible Bonds and its other debt facilities.

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

Risks relating to BV Tech's controlling shareholding

Shareholders' proportionate ownership and voting interest in the Company will be reduced pursuant to the Subscription. Shareholders' proportionate ownership and voting interest in the Company will be further reduced pursuant to the Open Offer to the extent that Shareholders do not take up their Open Offer Entitlements. If the Fundraising is completed in the terms set out in this Circular, BV Tech's shareholding in the Company will be between 54.7 per cent. and 66.1 per cent.

If BV Tech holds an interest in Ordinary Shares representing over 50 per cent. of the Enlarged Share Capital:

- it will, subject to the Relationship Agreement, be in a position to exert dominant control over the outcome of matters relating to the Company, and by exercise of its voting rights, would be in a position to block the passing of ordinary (and special) resolutions and procure the passing of ordinary resolutions of the Company;
- Rule 9 of the City Code would cease to apply to any further acquisitions of Ordinary Shares made by BV Tech with the effect that any such acquisitions would no longer oblige BV Tech to make an offer under Rule 9 of the City Code to purchase the remaining Ordinary Shares.

The interests of BV Tech may be different from the interests of the Defenx Group or the Company's other Shareholders. Such control may have the effect of making certain transactions difficult or impossible without the support of BV Tech, and may for example have the effect of delaying or preventing any financing or refinancing transactions proposed to be undertaken by the Company or an acquisition of the Company or other change in control of the Company.

If completed on the terms set out in this Circular, the Fundraising will result in BV Tech's shareholding in the Company being in excess of 50 per cent. This will mean that the Company will cease to be a qualifying company for the purposes of the enterprise investment scheme (EIS) and the venture capital trusts (VCT)

regime. Accordingly, existing Shareholders who have invested within three years of the date whereby it is considered by HMRC that BV Tech has entered into arrangements to exercise control will lose the EIS or VCT reliefs in respect of their Existing Ordinary Shares. This will include a claw back of any reliefs already claimed. Investors who have held their shares for more than three years from that date should not have their EIS or VCT reliefs affected.

RISKS RELATING TO THE DEFENX GROUP'S BUSINESS

The Defenx Group is at a relatively early stage of operations and its business plan is currently in transition

The Defenx Group remains a technology group at a relatively early stage of operations in the security industry, whose business must be considered in light of the risks, expenses and cash flow problems often encountered by early stage companies. Typically, a majority of such companies fail to achieve their business plan and their projections, through a failure to estimate the time required to complete a commercially saleable product, the speed at which market penetration can be achieved, and the cash costs associated with penetrating international markets. Such companies also often fail to provide and maintain adequate investment in product development and marketing and fail to provide adequate managerial, operational and financial resources.

In addition, the Defenx Group is at present in the process of implementing a revised business plan that includes transitioning from a consumer-focused to a corporate-focused offering. There can be no assurance that the Defenx Group will be successful in executing its amended business plan, whether in relation to the decision to target corporates, or otherwise, that the corporate pipeline will be converted into orders and a meaningful revenue stream, or that shareholder value will be created.

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

Managing the Defenx Group's growth is critical given its limited resources

Until 2017, the Defenx Group had experienced significant growth and development in a relatively short period of time. Whilst this growth ceased during the course of the last year, the Defenx Group continues to face risks frequently encountered by developing companies such as under-capitalisation, under-capacity, cash shortages and limited resources. In particular, the Defenx Group's future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve its operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with growth could have a material adverse effect on the Defenx Group's business, financial condition and results of operations.

Whilst the management team consists primarily of experienced professionals, there is no certainty that the Defenx Group has sufficient managerial resources to execute its business plan successfully. The Directors have and may have in the future additional professional responsibilities and as such, may experience conflicts of interest and demands on their time to the possible detriment of the Defenx Group.

The Defenx Group's success is dependent upon its ability to attract and retain key personnel

The success of the Defenx Group is dependent upon its ability to retain and attract high quality staff with relevant expertise and experience to maintain and broaden the skills base of the Defenx Group and to further enhance the Defenx Group's business. A number of key people are influential to the development and continued operation of the Defenx Group's business. The Defenx Group has recently experienced staff losses, in part due to the issues faced by the business during the course of 2017, and various changes to the Board are planned, conditional on the completion of the Fundraising. Whilst the Board believes it is now taking steps to address retention issues, and will have in place an effective transition programme for the Board changes, the loss of the services of any key personnel, or difficulties in integrating any new Board members to the management of the Company and the Defenx Group, could have a material adverse effect on the Defenx Group.

There can be no assurance that the Defenx Group will be able to continue to attract and retain all personnel necessary for the development and operation of its business, including at Board level, as the competition for qualified personnel in the Defenx Group's industry is intense.

Business issues

During 2017, the Defenx Group was impacted by delays in the delivery of product updates to address performance issues in the Defenx Group's security products, and back-end integration with certain customers' systems. This resulted in the cancellation of confirmed orders, the return of some invoiced sales from the first half of 2017, and customer claims for further returns and compensation.

Whilst management is actively seeking to resolve customer claims, balancing short term cash collections with longer term customer retention and sales opportunities, and is considering whether any further action such as formal legal proceedings may be appropriate, there can be no guarantee that claims will be resolved satisfactorily and the collection of aged debts remains difficult. There may be further claims from customers, or additional customers may refuse to pay for the Defenx Group's products due to the performance issues experienced. The performance issues may also have an impact on the Defenx Group's reputation in the market in the medium term, and affect sales. The effect of the costs of any dealing with any claims, and the reduced revenues to the Defenx Group that would result from lowered sales, could materially adversely affect the Defenx Group's financial condition, operating results and prospects.

Potential for litigation

The Defenx Group is exposed to the risk of litigation from its customers, distributors, suppliers and employees, amongst others. Claims from customers have been received in connection with the business issues experienced during 2017, and whilst the Board believe they have an idea of the maximum extent of any loss to the Defenx Group in connection with such claims, their precise cost has not yet been fully ascertained.

Any legal proceedings, whether or not connected with the 2017 business issues, whether or not determined in the Defenx Group's favour, and whether or not there is merit to such claims, could be costly and may divert the efforts of management and personnel from normal business operations. Exposure to litigation may affect the Company's reputation even where the monetary consequences may not be significant.

Actual, possible, or perceived defects or vulnerabilities in the Defenx Group's products or services (including "false positives"), the failure of the Defenx Group's products or services to prevent a security breach or provide effective data backup

The Defenx Group's products and services are complex and as such, may in the future contain design or manufacturing defects, or errors that are not detected until after their commercial release and deployment by end customers. These defects may cause them to fail to help secure networks, temporarily interrupt end customers' networking traffic, and fail to detect or prevent viruses, worms or similar threats; or they may result in "false positives" whereby they may falsely identify threats to users, or incorrectly designate applications or content as malware. Further, due to the evolving nature of threats and the continual emergence of new threats, the Defenx Group may fail to identify and update its threat intelligence or other virus databases in time to protect its customers. In addition, defects or errors in the Defenx Group's subscription updates, or the failure to distribute timely appropriate updates, could result in a failure to effectively update end customers' systems and thereby leave end customers vulnerable to the latest security threats. The Defenx Group's business would be harmed if any of the events described above caused its customers or potential customers to believe the Defenx Group's services are unreliable and could adversely affect the market's perception of the efficacy of the Defenx Group's products, cause negative publicity, damage to the Defenx Group's reputation, loss of end customers and sales, increased costs to remedy any problem and risk of litigation and potentially lead to significant claims being made against the Defenx Group, any of which could materially adversely affect the Defenx Group's financial condition, operating results and prospects.

Cyber security and data protection

As a provider of security solutions, the Defenx Group may become a high-profile target and the Defenx Group's networks and products may have vulnerabilities that have from time to time been, and may in future be, targeted by attacks designed to disrupt the Defenx Group's business and harm its reputation.

Whilst the Directors believe the Defenx Group takes appropriate steps to protect such data, the nature of the Defenx Group's business and the flow of information across networks mean the Defenx Group, as a custodian of increasing volumes of end-user data, is exposed to data loss and breaches of data protection regulations in the markets in which it operates. Such attacks and/or data loss could adversely affect the Defenx Group's reputation, performance and operations.

If the Defenx Group is unable to develop new and enhanced products and services or if the Defenx Group is unable to improve the performance, features, and reliability of existing products and services to keep up with security threats or adapt to keep pace with industry trends, the Defenx Group's business performance and operating results could be materially affected

The Defenx Group's customers operate in markets characterised by rapidly changing technologies and business plans, which require them to adapt to increasingly complex IT infrastructures that incorporate a variety of hardware, software applications, operating systems and networking protocols. The Defenx Group faces significant challenges in ensuring that its products and services effectively identify and respond to these advanced and evolving IT systems. As a result, the Defenx Group is dependent upon its ability to respond to the rapidly changing needs of end customers by developing or introducing new products and services and by continually upgrading its products and services on a timely basis. The Defenx Group has in the past incurred, and will continue to incur, significant research and development expenses as it strives to remain competitive. Investments in research and development may not result in significant design improvements, marketable products or features, or may result in products and services that are more expensive, whether in base cost or ongoing support, than anticipated. Additionally, the Defenx Group may not achieve the cost savings or the anticipated performance improvements it expects, and it may take longer to generate revenue, or the Defenx Group may generate less revenue than anticipated.

If the Defenx Group is unable to increase sales to new customers, or to sell additional products to existing customers, the Defenx Group's future revenue and operating results will be harmed

The Defenx Group's future success depends on its ability to increase sales of its products to new customers, increase sales of additional products to its existing customers, and ensure retention of existing customers in using the Defenx Group's current or successor products as an integral part of their businesses. The rate at which new and existing end-users purchase products, and existing end-users renew subscriptions, depends on a number of factors, including the efficacy of the Defenx Group's products and the utility of the Defenx Group's new offerings, as well as factors outside of the Defenx Group's control, such as end-users' perceived need for security solutions (which in itself is dependent on the prevailing atmosphere towards, and perceived risks surrounding and need for, internet and cyber-security in the broader business world), the introduction of products by the Defenx Group's competitors (new or entrants to the market) that are perceived to be superior to the Defenx Group's products, end-users' IT budgets and general economic conditions. A failure to increase sales to customers as a result of any of the above could materially adversely affect the Defenx Group's financial condition, operating results and prospects.

Operations overseas

It is expected that a significant proportion of the Defenx Group's revenues will continue to be generated overseas, in particular in the European Union. The Defenx Group therefore faces potential risks associated with the "leave" result of the referendum on the United Kingdom's continued membership of the EU held in June 2016. Whilst talks continue in an effort for the UK to agree a way forward for its exit, the precise implementation process, and timing, for the UK to leave the EU are still to be determined, and the economic impact of the decision is not yet clear. The UK may experience political and economic volatility due to leaving the EU or preparations for the same, and trade tariffs may be affected. Continuing political and economic uncertainty and instability could materially and adversely affect the operational, regulatory, currency, insurance and tax regime to which the Defenx Group is currently subject. Prolonged uncertainty regarding aspects of the UK economy could damage customers' and investors' confidence. The effect of these risks could be to increase compliance and operating costs for the Defenx Group and may also materially affect the Defenx Group's tax position or business, results of operations and financial position more generally, especially as the Defenx Group has historically generated, and expects to continue to generate, a significant proportion of its revenue in euros in the EU, primarily Italy.

More generally, due to its overseas activity, the Defenx Group's business could be adversely affected by changes in local and regional economic, political and social conditions or the policies of the relevant government, such as changes in laws and regulations, taxation and imposition of restrictions on currency conversion. In addition, the occurrence of war, public disorder, economic sanctions, terrorism and local or national strikes or labour unrest in any of the overseas locations in which the Defenx Group operates may disrupt or permanently prevent the Defenx Group from operating in these locations or recovering its investment in whole or in part. The Defenx Group's investments may be denominated in currencies other than sterling. Accordingly, fluctuations in exchange rates between sterling and the relevant local currency and the costs of conversion and exchange control may have an unfavourable effect on the profitability of such operations.

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

Adequacy of insurance coverage

There can be no guarantee that the Defenx Group has insurance cover that is adequate to meet the Defenx Group's risks and expenses or sufficient to recover all losses that the Defenx Group may suffer. In addition, certain types of risk may be, or may become, either uninsurable or not economically insurable or may not be currently or in the future covered by the Defenx Group's insurance policies.

INDUSTRY RISKS

Technology risks

The Defenx Group's core business operates in a rapidly changing, high growth and competitive international industry. The future success of the Defenx Group will depend on its ability to market its existing solution, address the increasingly sophisticated and varied needs of its customers, and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis, as well as developing security risks, which are by their nature less than static and frequently require innovation technologies capable of integrating with customers' core systems and businesses, in order to be managed. Competitors may develop or commercialise a competitive product, may launch a product ahead of the Defenx Group with little or no notice that is more effective, commercially attractive or technologically advanced than the Defenx Group's products, or may undertake an aggressive pricing policy. If competitors introduce new products or if existing or new industry and government standards and practices change or emerge, the Defenx Group's existing products and services may become less competitive or even obsolete. Competition may in particular come from companies which have greater research, development, marketing, financial and personnel resources than the Defenx Group.

Developing the Defenx Group's technology and product range entails significant technical and business risks. The Defenx Group may develop, use or procure new technologies ineffectively or fail to adapt to meet customer or regulatory requirements or emerging security concerns. If the Defenx Group faces material delays in introducing new products, services or enhancements, it may be at a significant competitive disadvantage. This could have a material adverse effect on the Defenx Group's business and prospects.

Development risk

The Defenx Group is currently in the process of insourcing the development of its security products, but historically, has outsourced their development to third party developers. The use of outsourcing means that the Defenx Group may not always have had ultimate control over the development process, or have the ability to monitor ongoing progress or performance in product development. The Defenx Group's suppliers may fail to deliver products on time, at the required quality levels and at the agreed prices, leading the Defenx Group to suffer delays in its own timelines for delivery to end-users. If the Defenx Group faces material delays in introducing new products, services or enhancements, or in responding to emerging

security concerns due to failures at supplier or outsourcer level, it may be at a significant competitive disadvantage. Any of these events would have a material adverse effect on the Company's business and prospects.

Sales and marketing

The Defenx Group intends to continue investing in marketing and distribution channels and its own sales functions to grow the business, and will need to adapt the targeting of such channels as it transitions the business to focus more on sales to corporates. The success of the Defenx Group's business will therefore depend in part upon the continuation of existing, and the establishment of additional, sales channels. There is no certainty that the Defenx Group will be able to attract and retain new customers. Penetration of new markets can be slow, expensive and subject to delays, and ultimately may not be successful. Significant delays in concluding new contracts and beginning to achieve revenue, will result in working capital strain for the Defenx Group. The Defenx Group is likely to incur costs before anticipated benefits materialise, and the return on these investments may be lower or develop more slowly than expected. There can be no guarantee that the Defenx Group will be able to maintain, or increase its sales and market share.

Dependence on relationships with distributors and other partners

The Defenx Group has developed relationships with mobile operators, telecoms companies, publishers and other companies who act as distribution partners and are an important part of the Defenx Group's ability to generate revenues, and as the Defenx Group transitions to focus on corporates rather than end consumers, the Board expects that new business relationships will need to be developed with corporate customers and those third parties who deal with corporates as customers and are thereby aligned with the Defenx Group's new targeted customer base. There is no certainty that the Defenx Group will be able to retain its relationships with its existing customers, or to develop new relationships, and thereby to maintain and build its revenues, or that if significant new players emerge in the sectors with which the Defenx Group has developed, or wishes to develop, key relationships, or there is a shift in the balance of the market reflected by the various third parties with whom the Defenx Group deals, that the Defenx Group would be able to create new business relationships of the same standard and on which the Defenx Group would be able to rely in order to operate its business in the same way or in accordance with its business plan.

Competition from existing and new companies

The Board plans to position the Defenx Group as offering bespoke cloud storage and security products predominantly to corporates in a sector that is dominated by a number of major players, including Amazon, Google and Microsoft. Whilst the Board believes that the Defenx Group is able to differentiate its products due to, amongst other things, the Defenx Group's geographical focus and local market knowledge, and the tailored nature of the products themselves, should a major software company decide that they wish to target the same niche area as the Defenx Group, the Defenx Group would find it difficult to compete in terms of resources, market penetration or scaling, which may reduce the appeal of the Defenx Group's products to customers, result in lower sales and have a material adverse effect on the Defenx Group's business, financial condition or results.

The Defenx Group operates in a competitive market in which several players have a more substantial product portfolio and market presence, and which is subject to challenge from new entrants and the consolidation of other businesses in the same sector into larger technological groups. Certain of the Defenx Group's competitors have, or may (including via their acquisition, or third-party funding) have, greater financial and technological resources, larger sales and marketing organisations and greater name recognition than the Defenx Group, and may therefore be better able to obtain sales through their pricing structure, heavy marketing or reputation. They may also be able to respond more quickly and effectively than the Defenx Group to new or changing threats, regulations, technologies, standards or customer requirements due to their greater financial resources. There is no assurance that the Defenx Group will be able to compete successfully with its competitors in acquiring and maintaining new accounts.

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

The Defenx Group's intellectual property

Whilst the majority of the Defenx Group's products and processes are proprietary, the Defenx Group has at this time no protection of its intellectual property (other than registration of certain trademarks) and its intellectual property consists for the most part of copyright, source code and technical know-how. The commercial success of the Defenx Group depends in part on its ability to protect and exploit its intellectual property and to preserve the confidentiality of its intellectual property. The Defenx Group may not be able to protect and preserve its intellectual property rights or to exclude competitors with similar products and/or processes.

No assurance can be given that others will not gain access to the Defenx Group's proprietary technology and/or use or disclose such technology. Further, there can be no assurance that others have not developed or will not develop similar products, duplicate any of the Defenx Group's products or design. A substantial cost may be incurred if the Defenx Group is required to defend its intellectual property rights (even if any claim brought is without merit) against third parties.

In order to protect its proprietary technology and processes, the Defenx Group relies on confidentiality agreements with its customers, employees and other third parties. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of disclosure of confidential information. Costly and time consuming litigation could be necessary in any jurisdiction to enforce and determine the scope of the Defenx Group's proprietary rights, and failure to obtain or maintain the Defenx Group's know how could adversely affect the Defenx Group's competitive business position.

Intellectual property of third parties

Some of the Defenx Group's products include software or other intellectual property licensed from third parties. It may be necessary in the future to renew licences relating to various aspects of these products or to seek new licences for existing or new products. There can be no assurance that the necessary licences will be available on acceptable terms, if at all. The inability to obtain certain licences or other rights or to obtain such licences or rights on favourable terms could result in delays in product releases until equivalent technology can be identified, licenced, developed, acquired or integrated, if at all, and may require the Defenx Group to use alternative technology of lower quality or performance standards, any of which may have a material adverse effect on the Defenx Group's business, operating results and financial condition.

A third party could claim that the Defenx Group's products or processes infringe its own proprietary rights. Such claims, even without merit, can be time-consuming and expensive to defend and could have a detrimental effect on the Defenx Group's resources. A third party asserting infringement claims against the Defenx Group could require the Defenx Group to cease the infringing activity and to pay damages. Any such claims may also result in the Company having to indemnify customers or obtain replacement products or functionality for customers, to significantly increase development efforts and resources to redesign products as a result of these claims, and to discontinue the sale of some or all of the Company's technologies or products. The third party could also take legal action which could be costly to defend. Such claims may have a material adverse effect on the Defenx Group's business, financial condition or results.

Open source software risks

As is customary in the sector in which the Defenx Group operates, certain of its products utilise open source software in their code, and although the Defenx Group monitors its use of open source software to avoid its products being subjected to unintended conditions, this monitoring cannot cover each and every risk. Licences could be construed in a way that could impose unanticipated conditions or restrictions on the Defenx Group's ability to commercialise its products. The Defenx Group could be subject to claims by parties claiming infringement of intellectual property rights in what is otherwise perceived to be validly licensed open source software. If the Defenx Group is held to have breached the terms of an open source software licence, it could be required to seek licences from third parties, to offer products on terms that are not economically feasible, to re-engineer products, to discontinue the sale of products if re-engineering could not be accomplished on an efficient basis, or to make generally available, in source code form, part of the Defenx Group's proprietary code. Any of these unintended consequences could materially adversely affect the Defenx Group's business and operating results. In addition, many of the risks associated with usage of open source software, such as the lack of warranties or assurances of title, cannot be completely eliminated, and could, if they arise, negatively affect the Defenx Group's business.

FINANCIAL RISKS

Revenue and profitability

The Company cannot guarantee that the Defenx Group will be able to achieve (or if achieved, sustain), revenue growth and achieve (or sustain) profitability in the future. If the Company is unable to achieve (or sustain) profitability, the business could be severely harmed. The Defenx Group's operating results may fluctuate as a result of a number of factors, many of which are beyond its control. These factors include, amongst others, the growth rate of markets into which the Defenx Group sells its services or products, market acceptance of and demand of its services and products and those of its customers and unanticipated delays, problems in the introduction of its services or products. If the Company does not realise sufficient revenue levels to sustain profitability, it may require additional working capital and financing, which may not be available on attractive terms, or at all.

The Defenx Group has experienced extended debtor repayment periods. While this is not considered unusual in a small software security company, and the Board expects these to reduce if the Defenx Group is successful in moving to a corporate focused-offering, the carrying of aged debt has impacted the Defenx Group's working capital and its ability to fund software development costs. The Defenx Group has implemented procedures to manage and reduce debtor repayment periods. If these procedures are not effective and the Defenx Group is unable to collect its debtors on a timely basis, it may need to reduce software development spending or require additional working capital.

Technology companies typically underestimate the development capital they will require and typically overestimate the speed of market penetration. The combination of these two factors can adversely affect financial performance and the creation of shareholder value.

Working capital and equity and debt capital supply

The Defenx Group has many investment choices in fast growing markets. Growing sales, particularly in new markets, and new product development requires time and working capital. Poor investment choices may result in weaker or no sales growth, products with limited market potential and limited funding constraining the Defenx Group's ability to grow.

The supply of equity and debt capital to technology companies remains fairly limited and the Defenx Group has previously accessed such capital and may be unable to re-establish sufficient confidence in the market for further fundraisings in order to obtain additional working capital. A failure to obtain such capital could mean that the Defenx Group may only be able to obtain further financing, if required, on less favourable terms than it expects or that it will have difficulty obtaining financing at all.

Funding risk

The Defenx Group requires funds in the short term in order to continue to operate. The Fundraising is proposed for this purpose and in order to service the Defenx Group's outstanding debt obligations. If the Fundraising is not successful, whether because the Fundraising Resolutions and the Whitewash Resolution are not passed, or for any other reason, the Defenx Group will be unable to continue to fund its ongoing business activities in accordance with its business plan; the Defenx Group may be unable to service its debts, including its obligations pursuant to the Secured Convertible Bonds (which may result in a default being declared pursuant to the Secured Convertible Bonds; and in turn, enforcement action against assets of the Defenx Group over which security has been granted), and/or there may be disruption to the ongoing business activities of the Defenx Group. Any of these events would be likely to have a material adverse effect on the Defenx Group's results of operations and financial condition.

In addition, should the Fundraising not proceed as planned or not be successful, or fail to address the Company's working capital requirements in the manner anticipated, the Company would need immediately to seek alternative sources of funds to be able to carry on its business operations and service its debt obligations. The Directors are unable to provide any assurance that alternative financing or re-financing could immediately be secured or, that if it were secured, it would be on terms as favourable to the Company as the Fundraising, or would not result in a substantial dilution of Shareholders' interests, any of which may adversely affect the value of Shareholders' investments in the Company.

In addition, existing lenders to the Company and the Defenx Group may withdraw or re-negotiate existing facilities. Further, prospective lenders (if any) to the Company or Defenx Group may be unwilling to offer

facilities, or may only do so on terms that may be less favourable to the Company and the Defenx Group than the facilities currently in place, or than the types of facilities which the Company or the Defenx Group might have been able to obtain were they in a different financial position. A lack of availability of, and flexibility in, the Company's or the Defenx Group's borrowing could restrict the ability of the Company and/or the Defenx Group to carry out business, due to shortages of financing, and impact the Company and the Defenx Group's financial condition, operating results and prospects accordingly.

Change of control risks for funding

The completion of the Fundraising will result in BV Tech being interested in more than 50 per cent. of the voting rights in the Company. The Company and the Defenx Group may be assessed differently by lenders and potential lenders (if any) following the completion of the Fundraising, and there can be no guarantee that the Company and the Defenx Group will be able to access funding or lending on terms that are no less favourable than those currently in place.

A loss of any facilities currently available to the Company or the Defenx Group, or a reduction in the favourability of the terms that the Company and the Defenx Group are able to receive, could impact the ability of the Company and/or the Defenx Group to carry out business due to a lack of funding, and impact financial condition, operating results and prospects.

Exchange rate risk

The Company and the Defenx Group will continue to be exposed to several exchange risks. The Company is raising funds in Sterling pursuant to the Fundraising. Most of the Defenx Group's expenses and the sale of its products will continue to be denominated in Euros Exchange rate fluctuations could adversely affect the Company's profitability or the price competitiveness of its products.

Fluctuations in exchange rates between currencies in which the Defenx Group operates may cause fluctuations in its financial results which are not necessarily related to its underlying operations. The Defenx Group has a foreign currency hedging policy in place which is to not actively hedge. Natural hedging does occur but the Company does not seek to play the market and lock in rates with forward contracts. If and when appropriate, the adoption of a formal hedging policy will be considered by the Board.

RISKS RELATING TO THE NEW ORDINARY SHARES

Share price volatility and liquidity

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

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

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

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

of Ordinary Shares; and stock market price and volume fluctuations, large purchases or sales of Ordinary Shares by other investors, changes in legislation or regulations and changes in general economic, political or regulatory conditions and other factors which are outside of the control of the Company.

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

PART III

FINANCIAL INFORMATION ON THE COMPANY

The following documents are incorporated by reference into this Circular, so as to provide the information required pursuant to the City Code:

- (i) the consolidated audited accounts for the Company for the financial year ended 31 December 2015;
- (ii) the consolidated audited accounts for the Company for the financial year ended 31 December 2016;
and
- (iii) the interim results for the Company for the six months ended 30 June 2017.

These documents are available on the Company's website at <https://investors.defenx.com/> and from the Company's registered office at 201 Temple Chambers, 3-7 Temple Avenue, London EC4Y 0DT.

Any Shareholder, person with information rights or other person to whom this Circular is sent may request a copy of each of the documents set out above in hard copy form. Hard copies will only be sent where valid requests are received from such persons. To request a hard copy, please contact the Company Secretary of Defenx at the Company's registered office or on +44 (0)20 7583 8304.

The documents incorporated by reference into this Circular have been incorporated in compliance with Rule 24.15 of the City Code.

PART IV

ADDITIONAL AND FINANCIAL INFORMATION ON BV TECH

1. Additional Information on BV Tech, the BV Tech Group and their business

BV Tech is a private company, incorporated in Italy on 6 October 2005, with VAT Code 05009770966 and registration number MI – 1789278 whose registered office is at Piazza Armando Diaz, no. 6, 20123 Milan, Italy, and is the parent company of the BV Tech Group.

BV Tech's three key business lines (engineering, solutions and services) address six product segments, namely:

- Application management – the design, implementation, integration and maintenance of information systems is one of the main strengths of the BV Tech Group, with decades of experience in ICT products, and the development and maintenance of applications;
- ICT infrastructure – the implementation and operational management of integrated solutions for infrastructure, allowing the client to control costs and ensure that its infrastructure is able to support the business strategy, as well as improving the timing and agility of the implementation of new projects and increasing the effectiveness of clients' investments in innovation;
- Security – support the client to protect themselves against threats, minimise risks and adopt new technologies, from the definition, design and implementation of security architectures, to the implementation of corporate security plans, and systems vulnerability assessments and penetration tests;
- Web & internet application implementation – allow clients to develop services for multi-channel and multi-platform access;
- Business intelligence – provide clients with expertise in data analysis technologies for business intelligence, data integration, intelligence storage and analytical intelligence in connection to understanding, managing and resolving issues arising from data warehousing, big data and data mining projects; and
- Audit & compliance – designing, assisting with, undertaking or monitoring systematic, periodical and documented verification processes, conducted on the clients' information systems to verify their compliance with relevant rules, regulations and/or internal policies.

The directors of BV Tech are Raffaele Boccardo, who holds 86.44 per cent. of BV Tech's issued share capital, and Franco Francione and Bruno Bertucci, neither of whom hold any shares in BV Tech. Further information on Messrs Boccardo, Francione and Bertucci is set out below.

Raffaele Boccardo

Mr Boccardo earned his university degree in Electronic Engineering from the University of Genoa in 1983. He earned his masters in Management and International Studies, from Scuola Superiore Enrico Mattei of Milan, in 1984, and a PhD in Electronic Engineering from the University of Genoa in 1990. Mr Boccardo is an entrepreneur and President of BV Tech, the holding company of the BV Tech Group which he founded in 2005. Over the past 25 years, Mr Boccardo has participated in and led major national and international ICT technology and innovation projects, with leading players like Finmeccanica, Olivetti, and TIM. He was awarded the following three honours by the President of the Republic of Italy: the title of Knight (Cavaliere) of the Order of Merit, in 2010, the title of Knight Commander (Commendatore) of the Order of Merit, in 2013, and the title of High Official (Grande Ufficiale) of the Order of Merit, in 2017. Mr Boccardo is a member of the Board of Directors and Treasurer of the Center for American Studies in Rome. Through BV Tech S.p.A., Mr Boccardo is a co-founder of (IC)³ at the Sloan School MIT, an interdisciplinary consortium launched with the aim of continuously improving the cyber security of critical infrastructures. He speaks fluent Italian and English. Mr Boccardo is a Non-Executive Director and the Deputy Chairman of Defenx, as a nominated representative of BV Tech.

Franco Francione

Mr Francione has attended several courses in accounting at the IFAF School of Finance. He has 30 years of experience in financial control and accounting, and his expertise includes real estate, mergers and acquisitions and treasury management. Mr Francione joined BV Tech in March 2017 as its Chief Financial Officer (CFO). Before joining BV Tech, Mr Francione worked for sixteen years at Segesta S.p.A. (Segesta), now part of the Euronext-listed Korian Group, a European leader in the provision of care and support services to the elderly. At Segesta, Mr Francione was CFO and Real Estate Director responsible for finance, treasury, purchasing, administration, estates and M&A, and he chaired 26 subsidiary boards. Before joining Segesta, Mr Francione worked at Johnson Controls Automotive as a finance and treasury manager. Mr Francione speaks Italian and English. Mr Francione was a Non-Executive Director of the Company from 23 May 2017 until 21 November 2017.

Bruno Bertucci

Mr Bertucci earned his university degree in law from the University of Salerno in 2004. He initially pursued a career in private practice, until 2009 when he joined BV Tech, acting as in-house legal and corporate affairs counsel for the entire BV Tech Group. In addition to being a director of BV Tech, Mr Bertucci currently serves on the boards of a number of companies in the BV Tech Group, such as Progesi S.p.A., T-Bridge S.p.A., BV Tech Lab S.r.l, M&P Risk Agency S.r.l, Sinergie D'Imprese S.r.l. Mr Bertucci speaks Italian and English.

2. Financial Information

The following documents are incorporated by reference into this Circular, so as to provide the information required pursuant to the City Code:

- (i) BV Tech's consolidated audited accounts for the financial year ended 31 December 2015; and
- (ii) BV Tech's consolidated audited accounts for the financial year ended 31 December 2016.

These documents are available on the Company's website at <https://investors.defenx.com/> and from the Company's registered office at 201 Temple Chambers, 3-7 Temple Avenue, London EC4Y 0DT.

Any Shareholder, person with information rights or other person to whom this Circular is sent may request a copy of each of the documents set out above in hard copy form. Hard copies will only be sent where valid requests are received from such persons. To request a hard copy, please contact the Company Secretary of Defenx at the Company's registered office or on +44 (0)20 7583 8304.

The documents incorporated by reference into this Circular have been incorporated in compliance with Rule 24.15 of the City Code.

BV Tech and all members of the BV Tech Group are private entities, and have no current public ratings or outlooks accorded to them by ratings agencies.

3. Information on financial and trading prospects of BV Tech

The BV Tech Group's last approved financial statements were the consolidated audited financial statements for the fiscal year ended 31 December 2016.

In 2016, BV Tech generated a production value (*valore della produzione*) of circa €32 million, EBITDA of €5.5 million, and it employed 193 employees on average, including engineers and IT experts. In the same year, the BV Tech Group generated a production value (*valore della produzione*) of circa €56 million, EBITDA of €11.6 million, and it employed 571 employees on average.

Current trading and prospects

During the fiscal year ending 31 December 2017, the BV Tech Group focused its attention on strengthening its business and building on its development plan.

Overall, for the 2017 fiscal year, the BV Tech Group achieved economic results which are in line with the expectations of the management and the shareholders.

The BV Tech Group continues to adopt the policy of re-investing its profits in strategic R&D, to provide its clients with the most innovative solutions at competitive costs. R&D is undertaken by an integrated team across the BV Tech Group's offices in Milan, Rome, Genoa, and Rovereto.

For purposes of the balance sheet, the most important events which occurred in 2017 are described in the description of BV Tech's material contracts in paragraph 5 below.

4. Effect of transaction on assets and liabilities of BV Tech

BV Tech expects to entirely fund its subscription for New Ordinary Shares pursuant to the Open Offer and the Subscription from its existing cash flow and will not need to enter into any borrowing or financing arrangements to fund its participating in the Fundraising.

It is expected that from the date of completion of the Fundraising, and based on the shareholding that BV Tech will have in the Company upon such completion, BV Tech will consolidate the Company into the consolidated BV Tech Group accounts, which BV Tech expects will affect the BV Tech Group's production value, EBITDA, EBIT, earnings/losses and net financial position as shown in its accounts.

5. Material contracts of BV Tech and the BV Tech Group

5.1 Details of the material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by BV Tech and the BV Tech Group during the period commencing on 5 April 2016 (being the date two years prior to the publication of this Circular) and ending on 5 April 2018 (being the latest practicable date prior to the publication of this Circular) are as follows:

5.1.1 Subscription Letter

As part of the Fundraising, BV Tech has entered into the Subscription Letter with the Company dated 6 April 2018, as described in more detail at paragraph 6.1.1 of Part VII of this Circular.

5.1.2 Loan from Intesa Sanpaolo S.p.A. Bank

On 29 December 2017, BV Tech and Intesa Sanpaolo S.p.A. Bank entered into a loan agreement to redeem the loan granted by Equita Private Debt Fund S.A., SICAV-FIS (see 5.1.13 below). The loan amount was €10,000,000, the term of the loan is sixty-six months (until 29 June 2023); and a variable interest rate applies (constituting (a) spread equal to 2.75 per cent. plus (b) six-month EURIBOR, base 360).

5.1.3 Lease of business from S.T.E. Servizi Tecnici per l'Elettronica S.p.A.

On 18 December 2017, Magicom Ingegneria S.r.l. ("**Lessee**"), a wholly owned subsidiary of BV Tech, entered into a lease agreement with a third party Italian company, S.T.E. Servizi Tecnici per l'Elettronica S.p.A. ("**Lessor**") pursuant to which the Lessor granted the Lessee a six-year lease (renewable for a further six years at the option of the Lessee), with a commencement date of 16 January 2018, to operate the Lessor's business of analysis, performance, development, integration, engineering of hardware systems and IT services, as well as all activities which are related to software and hardware engineering and electronic data elaboration, including the assumption by the Lessee of assets, liabilities and employees of the Lessor engaged in the licensed business.

The fee for the lease of the business amounts to €27,500.00 plus VAT per month for the initial period of twelve (12) months, and €50,000.00 plus VAT per month thereafter, until expiration. The Lessee has an option to acquire the leased business at the expiration of each period of twelve (12) months for a thirty-day option period, by notice to the Lessor, at a price of €3,400,000.00, to be reduced for the amount of business leasing fees previously paid. The Lessee also has, in addition to the option to acquire at the end of each year, a right of first refusal such that if the Lessor wishes to sell the leased business at any time, the Lessee must be given the option to acquire first.

5.1.4 **August 2017 subscription agreement with the Company**

On 7 August 2017, BV Tech and the Company entered into a subscription agreement, pursuant to which the Company issued 156,250 new Ordinary Shares to BV Tech, as described in more detail at paragraph 6.1.6 of Part VII of this Circular.

5.1.5 **Acquisition of 51 per cent. of Neologic S.r.l.**

On 2 August 2017, BV Tech entered into an acquisition agreement with Eleonora Ciciliano and Pasquale Capezzuto, who at that time together owned the entire quota capital of Neologic S.r.l. ("**Neologic**"), an Italian company specialising in the production, leasing, licensing and supply of customised and non-customised software products, support services, data processing, turnkey projects for network and telecommunication systems, to acquire 51 per cent. of Neologic's quota capital, effective from 30 September 2017, for consideration of €5,100.

As part of the acquisition, BV Tech undertook to loan to Neologic the following amounts to support its initial start-up activity: (a) €350,000 to be advanced as at completion of the acquisition; and (b) €350,000 to be made available to Neologic during the twelve (12) month period following the completion of the acquisition.

5.1.6 **Magicom Ingegneria S.r.l. acquisition**

On 28 June 2017, BV Tech acquired the entire quota capital of Magicom Ingegneria S.r.l. ("**Magicom**"), an Italian company carrying out ICT, software development, cloud computing and installation and maintenance of electrical and technological plants work, from Messrs. Nicolino Foligno, Francesca Pirola and Silvia Foligno, for total consideration of €1,118,271.

Mr Nicolino Foligno, previously the majority shareholder of Magicom, undertook to indemnify BV Tech of any supervening liabilities and costs which had not been accounted for in the balance sheet, as at the date of the agreement, and to keep in place certain personal collateral guarantees in favour of BV Tech.

5.1.7 **Purchase of Ordinary Shares from SAFEACTIVE S.r.l.**

On 10 April 2017, BV Tech as the purchaser entered into an off-market share purchase agreement with SAFEACTIVE S.r.l. ("**SAFEACTIVE**"), an Italian company, as the seller, pursuant to which BV Tech acquired 336,500 Ordinary Shares from SAFEACTIVE at a price of £1.14 per share for aggregate consideration of £383,610.

5.1.8 **Customised software package sale and purchase agreement with the Company**

On 11 April 2017, BV Tech and the Company entered into a software sale and purchase agreement, as described in more detail at paragraph 6.1.7 of Part VII of this Circular.

5.1.9 **April 2017 subscription agreement**

BV Tech entered into a subscription agreement with the Company dated 11 April 2017, as described in more detail at paragraph 6.1.9 of Part VII of this Circular.

5.1.10 **Relationship Agreement**

BV Tech entered into a relationship agreement with the Company dated 11 April 2017, as summarised in paragraph 8 of Part I of this Circular.

5.1.11 **Purchase of converted Ordinary Shares**

On 11 April 2017, BV Tech entered into an agreement with all the Shareholders that had previously held deferred shares in the capital of the Company, to acquire the 300,000 Ordinary Shares into which such deferred shares had been converted, for consideration of £1.14 per Ordinary Share.

5.1.12 **Optinet joint venture with Fidogroup S.r.l.**

On 21 March 2017, BV Tech and Fidogroup S.r.l. ("**Fidogroup**"), an Italian company entered into an agreement pursuant to which, *inter alia*, BV Tech agreed to set up a new company named Optinet S.r.l. ("**Optinet**") with issued quota capital of €52,000.00, and thereafter to pass the necessary resolutions to allot and issue €50,000.00 of quota capital to Fidogroup in consideration for the contribution by Fidogroup to Optinet of one of Fidogroup's business units, specialising in internet security solutions. Optinet plans to provide a range of services including website design and hosting, information and communication technology consultancy.

5.1.13 **Notes subscription agreement**

On 5 December 2016, BV Tech, as issuer, entered into a notes subscription agreement in the amount of €9,800,000 with Equita Private Debt Fund S.A., SICAV-FIS, a Luxembourg company, as notes' underwriter. On 20 November 2017, pursuant to the terms and conditions of the agreement, BV Tech sent an early redemption notice to fully redeem the notes, to the notes' underwriter, the calculation agent and the paying agent. On 29 December 2017, BV Tech redeemed the notes by utilising the loan from Intesa Sanpaolo S.p.A. Bank described at paragraph 5.1.2 of this Part IV above.

PART V

TERMS AND CONDITIONS OF THE OPEN OFFER

1. Introduction

As explained in the letter from the Non-Executive Chairman of Defenx set out in Part I of this Circular, the Company is proposing to issue 10,564,676 Subscription Shares and 4,398,223 Open Offer Shares at the Issue Price, to raise, in aggregate, approximately £1.2 million (approximately €1.38 million) before expenses.

Upon completion of the Open Offer, the Open Offer Shares will represent approximately 15.62 per cent. of the Enlarged Share Capital and together the Subscription Shares and the Open Offer Shares will represent approximately 53.14 per cent. of the Enlarged Share Capital.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is 6.00 p.m. on 3 April 2018.

Application Forms have been posted to Qualifying Non-CREST Shareholders along with this Circular and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST on 9 April 2018.

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

The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 20 April 2018 with Admission and commencement of dealings in Open Offer Shares expected to take place at 8.00 a.m. 24 April 2018, following the passing of the Resolutions at the General Meeting to be held on 23 April 2018.

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

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

The Company is proposing to issue 4,398,223 Open Offer Shares at the Issue Price subject to Admission, in respect of valid applications by Qualifying Shareholders. Application will be made to the London Stock Exchange for the Subscription Shares and Open Offer Shares to be admitted to trading on AIM.

The Open Offer is an opportunity for Qualifying Shareholders to apply for up to 4,398,223 Open Offer Shares at the Issue Price in accordance with the terms of the Open Offer. Qualifying Shareholders are also being offered the opportunity to apply for additional Open Offer Shares in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlements in full.

BV Tech has agreed to subscribe for its own Open Offer Entitlement and any additional Open Offer Shares not subscribed for by other Shareholders. This both allows Shareholders to participate in the Open Offer on a pre-emptive basis whilst providing the Company with the certainty that the Open Offer will raise gross proceeds of £0.35 million.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Existing Ordinary Shares prior to the ex-entitlement date is advised to consult his/her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply

for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchaser(s) under the rules of the London Stock Exchange.

2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders are being given the opportunity under the Open Offer to apply for any number of Open Offer Shares at the Issue Price, for an aggregate of 4,398,223 Open Offer Shares, raising gross proceeds of £0.35 million (approximately €0.41 million). The Issue Price represents a discount of approximately 15.8 per cent. to the closing middle market price of 9.5 pence per Ordinary Share on 5 April 2018 (being the latest practicable date prior to the date of this Circular).

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

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

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

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

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

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

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

Application will be made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements to be credited to Qualifying CREST Shareholders' CREST accounts. The Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts as soon as possible after 8.00 a.m. on 9 April 2018.

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

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

3. Conditions and further terms of the Open Offer

The Open Offer is conditional upon, *inter alia*, the approval of the Fundraising Resolutions and the Whitewash Resolution at the General Meeting, completion of the Subscription and Admission becoming effective by not later than 8.00 a.m. on 24 April 2018 (or such later time and/or date as the Company may determine, not being later than 8.00 a.m. on 4 May 2018).

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

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form by 1 May 2018. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST as soon as possible after 8.00 a.m. on 24 April 2018.

Application will be made for the Open Offer Shares to be admitted to trading on AIM. Admission is expected to occur on 24 April 2018, when dealings in the Open Offer Shares are expected to begin.

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

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

4. Procedure for application and payment

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

Qualifying Shareholders who hold all their Existing Ordinary Shares in certificated form have been sent an Application Form with this Circular on 6 April 2018. The Application Form shows the number of Existing Ordinary Shares held on the Record Date. It will also show Qualifying Shareholders the number of Open Offer Shares available under their Open Offer Entitlement that can be allotted in certificated form. Qualifying Shareholders who hold all their Existing Ordinary Shares in CREST will be allotted Open Offer Shares in CREST. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2 of this Part V.

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

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

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

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

4.1.1 General

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

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

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

4.1.2 Bona fide market claims

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 18 April 2018. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his/her holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should consult his/her broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box J on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. The Application Form should not, however be forwarded to or transmitted in or into the United States or any Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 4.2.2 below.

4.1.3 *Application procedures*

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

Completed Application Forms should be posted in the accompanying pre-paid envelope or returned by post to the Receiving Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by hand (during normal business hours only) together with a cheque or banker's draft for the full amount payable in respect of the number of Open Offer Shares applied for, so as to be received by the Receiving Agent by no later than 11.00 a.m. on 20 April 2018, after which time Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Non-CREST Shareholders are recommended to allow at least four working days for delivery.

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

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

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

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

conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 20 April 2018; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 20 April 2018 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form(s) in due course but, in any event, within two Business Days.

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

If Open Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Registrar shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Registrar, Strand Hanson, or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholders.

4.1.4 *The Excess Application Facility*

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

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

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

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

4.1.5 *Effect of application*

By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company that he/she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his/her rights, and perform his/her obligations under any contracts resulting therefrom and that he/she is not a person otherwise prevented by legal

or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

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

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Receiving Agent, Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or you can contact the Shareholder helpline on 0371 384 2050 (UK) or +44 121 415 0259 (overseas) between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes.

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

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

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

Please see paragraph 4.2.5 below for more information.

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

4.2.1 General

Subject as provided in paragraph 6 of this Part V in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his/her stock account in CREST of his/her Open Offer Entitlements and Excess CREST Open Offer Entitlements equal to 10 times the total number of Existing Ordinary Shares held in such qualifying Shareholder's name as at the Record Date. If however Qualifying CREST Shareholders wish to apply for more than 10 times the total number of Existing Ordinary Shares held in such Qualifying Shareholder's name as at the Record Date, the Qualifying CREST Shareholder should contact the Shareholder helpline on 0371 384 2050 (UK) or +44 121 415 0259 (overseas) who will arrange for the additional excess Open Offer Shares to be credited to the relevant CREST account of the Qualifying CREST Shareholder. 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 Independent Directors' discretion to the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any Open Offer Entitlements have therefore also been rounded down.

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

If for any reason the Open Offer Entitlements and/or the Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 8.00 a.m. on 9 April 2018, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess CREST Open Offer Entitlements which should have been credited to his/her stock account in CREST. In these circumstances the expected timetable as set out in this Circular will be adjusted as appropriate and the provisions of this Circular applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to take-up some or all of their entitlements to Open Offer Shares and apply for Excess CREST Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Shareholder helpline on telephone number 0371 384 2050 (UK) or +44 121 415 0259 (overseas) between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes.

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

4.2.2 *Market claims*

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

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

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

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

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

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

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

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is GB00BFYN8Z00;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 2RA88;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RA288001;
- (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 20 April 2018; 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 20 April 2018.

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

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

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 20 April 2018 in order to be valid is 11.00 a.m. on that day.

In the event that the Fundraising does not become unconditional by 8.00 a.m. on 24 April 2018 or such later time and date as the Company determines (being no later than 8.00 a.m. on 4 May 2018), the Fundraising will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

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

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

- (i) the number of Open Offer Shares for which application is being made (and hence being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BFYN9029;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 2RA89;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RA288002;
- (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 20 April 2018; 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 in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 20 April 2018.

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

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

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 20 April 2018 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 24 April 2018 or such later time and date as the Company determines (being no later than 8.00 a.m. on 4 May 2018), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

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

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

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up such entitlements prior to 11.00 a.m. on 20 April 2018. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Registrar.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 17 April 2018 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 16 April 2018 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility, as the case may be, prior to 11.00 a.m. on 20 April 2018.

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

4.2.7 *Validity of application*

An USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 20 April 2018 will constitute a valid application under the Open Offer.

4.2.8 *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of an 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 20 April 2018.

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

4.2.9 *Incorrect or incomplete applications*

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

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

4.2.10 *The Excess Application Facility*

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

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

Qualifying CREST Shareholders will receive a credit to his/her stock account in CREST of Excess CREST Open Offer Entitlements equal to ten times his/her holding of Existing Ordinary Shares on the Record Date. This is not a cap on the amount of Excess CREST Open Offer Entitlements that a Qualifying CREST Shareholder can take up. Qualifying CREST Shareholders should contact the Shareholder helpline on 0371 384 2050 (UK) or +44 121 415 0259 (overseas) should they wish to apply for additional Excess CREST Open Offer Entitlements.

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

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

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

4.2.11 *Effect of a valid application*

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

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

for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he/she is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (b) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

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

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

The Company may in its sole discretion:

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

4.2.13 *Lapse of the Open Offer*

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 24 April 2018 or such later time and date as the Company may determine (being no later than 4 May 2018), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

5. Money laundering regulations

5.1 Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the

Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the “acceptor”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5 the “relevant Open Offer Shares”) shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

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

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

The verification of identity requirements will not usually apply:

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

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

- if payment is made by cheque or banker’s draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to “Equiniti Limited re Defenx plc re Open Offer” in respect of an application by a Qualifying Shareholder and crossed “A/C Payee Only”. Third party cheques may be accepted with the exception of building society cheques or banker’s drafts where the building society or bank inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The account name should be the same as that shown on the Application Form; or
- if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which

is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Registrar. If the agent is not such an organisation, it should contact the Registrar at the address set out on page 5 of this Circular.

To confirm the acceptability of any written assurance referred to above, or in any other case, the acceptor should contact the Receiving Agent. The telephone number of the Shareholder helpline is 0371 384 2050 (UK) or +44 121 415 0259 (overseas) between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes.

If the Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (approximately £13,000) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address. If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 20 April 2018, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Registrar may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2 Open Offer Entitlements in CREST

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

6. Overseas Shareholders

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

6.1 **General**

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

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

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

Application Forms will not be sent to, and Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or a Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction. No person receiving a copy of this Circular and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this Circular and/or the Application Form must be treated as sent for information purposes only and should not be copied or redistributed. It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Neither the Company nor any of its representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this Circular and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this Circular and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company and/or Strand Hanson determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this Circular and/or an Application Form

and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part V and specifically the contents of this paragraph 6. The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or despatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates for the Open Offer Shares or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to this paragraph 6. Notwithstanding any other provision of this Circular or the relevant Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question. Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts or where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST. Due to restrictions under the securities laws of the United States and the Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements. No public offer of Open Offer Shares is being made by virtue of this Circular or the Application Forms into the United States or any Restricted Jurisdiction. Receipt of this Circular and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Circular and/or the Application Form must be treated as sent for information purposes only and should not be copied or redistributed.

6.2 **United States**

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

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, neither this Circular nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Open Offer Shares in the United States. Subject to certain exceptions, neither this Circular nor an Application Form will be sent to, and no Open Offer Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address for registration of the Open Offer Shares issued upon exercise thereof outside the United States. Subject to certain exceptions, any person who acquires Open Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this Circular or the Application Form and delivery of the Open Offer Shares, that they are not, and that at the time of acquiring the Open Offer Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States. The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the

United States for the receipt of Open Offer Shares, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located in the United States and is not acquiring the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. The Company will not be bound to allot or issue any Open Offer Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any Open Offer Shares may be transferred. In addition, the Company reserves the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the Open Offer Shares. In addition, until 45 days after the commencement of the Open Offer, an offer, sale or transfer of the Open Offer Shares within the United States by a dealer (whether or not participating in the Fundraising) may violate the registration requirements of the Securities Act.

6.3 *Restricted Jurisdictions*

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements. The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption. No offer of Open Offer Shares is being made by virtue of this Circular or the Application Form into any Restricted Jurisdiction.

6.4 *Other overseas territories*

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

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

6.5 *Representations and warranties relating to Overseas Shareholders*

6.5.1 *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company and the Registrar that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within the United States or any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories. The Company and/or the Registrar may treat as invalid any

acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or despatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in the United States or a Restricted Jurisdiction for delivery of the share certificates for the Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this paragraph 6.5.1.

6.5.2 *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part V represents and warrants to the Company and Strand Hanson Limited that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he or she is not within the United States or any Restricted Jurisdiction; (ii) he or she is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) he or she is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he or she is not acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

6.6 **Waiver**

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

7. Admission, settlement and dealings

The result of the Open Offer is expected to be announced on 23 April 2018. Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. Subject to the Fundraising becoming unconditional in all respects, it is expected that Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 24 April 2018. The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST. Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 20 April 2018 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 24 April 2018, the Registrar will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 24 April 2018). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given. Notwithstanding any other provision of this Circular, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST. For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for (including excess Open Offer Shares successfully applied for under the

Excess Application Facility) are expected to be despatched by post by 1 May 2018. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non CREST Shareholders are referred to paragraph 4.1 above and their respective Application Form.

8. Times and dates

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

9. Further information

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

10. Governing law and jurisdiction

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

PART VI

QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part VI are intended to be in general terms only and, as such, you should read Part V of this Circular for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is duly authorised under the FSMA if you are in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser. This Part VI deals with general questions relating to the Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part V of this Circular and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part V of this Circular for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please call the Shareholder helpline on 0371 384 2050 (UK) or +44 121 415 0259 (overseas) between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes. Please note the Shareholder helpline will be open between 8.30 a.m. to 5.30 p.m. on any Business Day. Please note that, for legal reasons, the Shareholder helpline is only able to provide information contained in this Circular and information relating to Defenx's register of members and is unable to give advice on the merits of the Open Offer or to provide legal, business, financial, tax or investment advice. The contents of this Circular should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his/her or its own appropriate professional advisers for advice.

1. What is an open offer?

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

This Open Offer is an invitation by Defenx to Qualifying Shareholders to apply to acquire up to 4,398,223 Open Offer Shares at a price of 8 pence per share. If you hold Existing Ordinary Shares on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States, or a Restricted Jurisdiction, you will be entitled to buy Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Open Offer Shares for every 3 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number. Open Offer Shares are being offered to Qualifying Shareholders at a discount to the share price on 5 April 2018, being the latest practicable date before the date of this Circular. The Issue Price of 8 pence per Open Offer Share represents a discount of approximately 15.8 per cent. to the closing middle market price of 9.5 pence per Ordinary Share as derived from the AIM Appendix to the Daily Official List on 5 April 2018, being the latest practicable date before the date of this Circular.

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

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

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

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address or located in the United States or any Restricted Jurisdiction, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 6 April 2018 (the time when the Existing Ordinary Shares are expected to be marked “ex-entitlement” by the London Stock Exchange).

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

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

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

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

If you would like to apply for any of or all of the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this Circular. Completed Application Forms should be posted, along with a cheque or banker’s draft drawn in the appropriate form, in the accompanying pre-paid envelope or returned by post to the Receiving Agent, Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by hand (during normal business hours only) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 20 April 2018, after which time Application Forms will not be valid.

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

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

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue. You cannot sell your Application Form or your Open Offer Entitlement to anyone else. If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 20 April 2018, the Company has made arrangements under which the Company has agreed to issue the Open Offer Shares to other Qualifying Shareholders under the Excess Application Facility. If you do not take up your Open Offer Entitlement then following the issue of the Open Offer Shares pursuant to the Open Offer, your interest in the Company will be significantly diluted. Even if a Qualifying Shareholder subscribes for the basic entitlement under the Open Offer, their proportionate economic interest would be diluted by the issue of New Ordinary Shares pursuant to the Fundraising.

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

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Boxes D and F of your Application Form; for example, if you are entitled to take up 50 shares but you only want to take up 20 shares, then you should write ‘20’ in Boxes D and F. To work out how much you need to pay for the Open Offer Shares,

you need to multiply the number of Open Offer Shares you want (in this example, '20') by 8 pence, which is the price of each Open Offer Share (giving you an amount of 20 pence in this example). You should write this amount in Box G, rounding down to the nearest whole pence and this should be the amount your cheque or banker's draft is made out for. You should then return the completed Application Form (ensuring that all joint holders sign (if applicable), together with a cheque or banker's draft for that amount, in the accompanying pre-paid envelope or return by post to the Receiving Agent, Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by hand (during normal business hours only) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 20 April 2018, after which time Application Forms will not be valid. All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Equiniti Limited re Defenx plc Open Offer" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top righthand corner and must be for the full amount payable on application. Third party cheques may be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant's name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds) will not be accepted (see paragraph 5 of Part V of this Circular). Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you at your own risk by no later than 1 May 2018.

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

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is send the completed Application Form (ensuring that all joint holders sign (if applicable)), together with your cheque or banker's draft for the amount (as indicated in Box C of your Application Form), payable to "Equiniti Limited re Defenx plc Open Offer" and crossed "A/C payee only", in the accompanying pre-paid envelope or return by post to the Receiving Agent, Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by hand (during normal business hours only) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 20 April 2018, after which time Application Forms will not be valid. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

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

has confirmed that the Qualifying Shareholder has title to the underlying funds) will not be accepted (see paragraph 5 of Part V). Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you at your own risk by no later than 1 May 2018.

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

Provided you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares under the Excess Application Facility. You should write the number of Open Offer Shares comprised in your Open Offer Entitlement (as indicated in Box B of the Application Form) in Box D and write the number of additional Open Offer Shares for which you would like to apply in Box E. You should then add the totals in Boxes D and E and insert the total number of Open Offer Shares for which you would like to apply in Box F. For example, if you have an Open Offer Entitlement for 50 Open Offer Shares but you want to apply for 70 Open Offer Shares in total, then you should write '50' in Box D, '20' in Box E and '70' in Box F. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '70') by 8 pence, which is the price of each Open Offer Share (giving you an amount of £5.60 in this example). You should write this amount in Box G, rounding down to the nearest whole pence. You should then return your Application Form (ensuring that all joint holders sign (if applicable) by post to the Receiving Agent, Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by hand (during normal business hours only) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 20 April 2018. Within the United Kingdom only, you can use the reply-paid envelope which is enclosed with the Application Form. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that any applications under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Equiniti Limited re Defenx plc Open Offer" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top righthand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will not be accepted (see paragraph 5 of Part V). Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you at your own risk by no later than 1 May 2018.

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

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

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

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

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 3 April 2018 and who have converted them to certificated form;
- Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before 3 April 2018 but were not registered as the holders of those shares at the close of business on 3 April 2018; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact the Shareholder helpline on 0371 384 2050 (UK) or +44 121 415 0259 (overseas) between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes. For legal reasons, the Shareholder helpline will only be able to provide information contained in this Circular and information relating to Defenx's register of members and will be unable to give advice on the merits of the Open Offer or to provide financial, tax or investment advice.

7. Can I trade my Open Offer Entitlement?

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

8. What if I change my mind?

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

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

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

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

If you hold shares in Defenx directly and you sell some or all of your Existing Ordinary Shares before 3 April 2018, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sell any of your Existing Ordinary Shares on or after 3 April 2018, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

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

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

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

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

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

You should send your completed Application Form in the accompanying pre-paid envelope or return by post or by hand (during normal business hours only), together with the monies in the appropriate form, to the Receiving Agent, Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by hand (during normal business hours only). If you post your Application Form by first class post, you should allow at least four Business Days for delivery. If you do not want to take up or apply for Open Offer Shares then you need take no further action.

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

The Receiving Agent must receive the Application Form by no later than 11.00 a.m. on 20 April 2018, after which time Application Forms will not be valid. If an Application Form is being sent by first class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

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

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

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

It is expected that SLC Registrars will post all new share certificates by 1 May 2018.

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

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

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

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

19. Further assistance

Should you require further assistance please call the Shareholder helpline on 0371 384 2050 (UK) or +44 121 415 0259 (overseas) between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday excluding English and Welsh public bank holidays. Calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the Shareholder helpline is only able to provide information contained in this Circular and information relating to Defenx's register of members and is unable to give advice on the merits of the Open Offer or to provide legal, business, accounting, tax, investment or other professional advice.

PART VII

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Directors, whose names appear in paragraph 2 of this Part VII, accept responsibility for the information contained in this Circular, other than: (i) the recommendations set out in paragraph 16.1 of Part I, for which only the Independent Directors accept responsibility; and (ii) information relating to BV Tech and the BV Tech Group, for which the directors of BV Tech accept responsibility. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Circular for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Each of the directors of BV Tech, whose names appear in paragraph 1 of Part IV of this Circular, accepts responsibility for the information contained in this Circular relating to BV Tech and the BV Tech Group and do so without prejudice and in addition to the Directors' responsibility statement set out in paragraph 1.1 of this Part VII. To the best of the knowledge and belief of the directors of BV Tech (who have taken all reasonable care to ensure that such is the case) the information contained in this Circular relating to BV Tech and the BV Tech Group is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

The Directors of the Company are:

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

* *Mr Boccardo is not deemed to be an Independent Director as he holds 86.44 per cent. of BV Tech's issued share capital*

3. Interests and dealings

- 3.1 For the purposes of this paragraph 3 of this Part VII:
- (i) "acting in concert" means any such person acting or deemed to be acting in concert as such expression is defined in the City Code;
 - (ii) "arrangement" includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
 - (iii) "associate" means:
 - (a) the parent company (if any), the subsidiaries, fellow subsidiaries and associated companies of the Company or BV Tech, as the case may be, and companies of which any such subsidiaries or associated companies are associated companies;
 - (b) connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
 - (c) the Directors of the Company or BV Tech, as the case may be, and the directors of any company covered in (b) above (together in each case with their close relatives and related trusts);
 - (d) the pension funds of the Company or BV Tech, as the case may be, or any person covered in (b) above;
 - (e) an employee benefit trust of the Company or BV Tech, as the case may be, or any company covered in (b) above; and
 - (f) a company having a material trading arrangement with the Company or BV Tech.

- (iv) “connected advisers” normally includes only the following (and will not normally include a corporate broker which is unable to act in connection with the Fundraising because of a conflict of interest):
 - (a) in relation to the Company or BV Tech, as the case may be, an organisation which is advising that party in relation to the Fundraising and a corporate broker to that party;
 - (b) in relation to a person who is acting in concert with the Company or BV Tech, as the case may be, an organisation which is advising that person either in relation to the Fundraising, or in relation to the matter which is the reason for that person being a member of the relevant concert party; and
 - (c) in relation to a person who is an associate of the Company or BV Tech, as the case may be, by virtue of paragraph (b) in the definition of “associate” above, an organisation which is advising that person in relation to the Fundraising.
- (v) “control” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the Voting Rights (as defined in the City Code) irrespective of whether the holding or aggregate holding gives de facto control;
- (vi) “dealings” or “dealt” includes the following:
 - (a) the acquisition or disposal of securities or the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attached to securities, or of general control of securities;
 - (b) the taking, granting acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option, (including a traded option contract) in respect of any securities;
 - (c) subscribing or agreeing to subscribe for securities;
 - (d) the exercise or conversion, whether in respect of new or existing securities, any of any securities carrying conversion or subscription rights;
 - (e) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
 - (f) the entry into or termination or variation of the terms of any agreement to purchase or sell securities; and
 - (g) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
- (vii) “derivative” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
- (viii) “disclosure date” means close of business on 5 April 2018, being the latest practicable date prior to the publication of this Circular;
- (ix) “disclosure period” means the period commencing on 5 April 2017 (being the date twelve months prior to the disclosure date) and ending on the disclosure date (being the latest practicable date prior to the publication of this Circular);
- (x) “interested” in securities includes if a person:
 - (a) owns them;
 - (b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
 - (c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire them or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;
 - (d) is a party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them; or

- (e) has long economic exposure, whether absolute or conditional to changes in the price of those securities (but a person who only has a short position in securities is not treated as interested in those securities);
- (xi) “relevant securities” includes:
- (a) shares and any other securities in the Company or BV Tech, as the case may be, conferring voting rights;
- (b) equity share capital of the Company or BV Tech, as the case may be;
- (c) any securities convertible into, or rights to subscribe for the securities of the Company or BV Tech, as the case may be, described in paragraphs (a) and (b) above; and
- (d) ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “control” means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control.
- (xii) “short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative.

Directors of the Company

3.2 At the close of business on the disclosure date, the interests, rights to subscribe and short positions of the Directors (and any person whose interests in Ordinary Shares is taken to be interested in pursuant to Part 22 of the Act and related regulations), all of which are beneficial unless otherwise stated, in the Ordinary Shares were as follows:

<i>Director</i>	<i>No. of Ordinary Shares</i>	<i>Percentage</i>
Anthony Reeves	31,250	0.24%
Andrea Stecconi	1,826,836	13.85%
Philipp Prince	71,255	0.54%
Leonard Seelig	25,000	0.19%
Raffaele Boccardo*	3,636,638	27.56%

* Raffaele Boccardo is deemed to be beneficially interested in the Ordinary Shares held by BV Tech on account of his 86.44 per cent. interest in BV Tech.

Options held over Ordinary Shares:

<i>Name</i>	<i>Date of grant</i>	<i>Exercise price</i>	<i>Ordinary shares</i>	<i>Expiry date</i>
Anthony Reeves	3 December 2015	£1.48	15,625	2 December 2025
Philipp Prince	22 July 2015	£0.80	42,000	21 July 2025
	3 December 2015	£1.48	125,000	2 December 2025
Leonard Seelig	3 December 2015	£1.48	12,500	2 December 2025

Note: All of the above options vest as to one third on the first anniversary and the balance over the following 24 months from the date of grant.

3.3 Save as disclosed in paragraph 3.8 of this Part VII, there have been no dealings in Ordinary Shares by the Directors (and any person whose interests in Ordinary Shares is taken to be interested in pursuant to Part 22 of the Act and related regulations) during the disclosure period.

3.4 As at the close of business on the disclosure date and save as set out in paragraphs 3.2 and 6.1 of this Part VII, neither the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) or any person deemed to be acting in concert with the Directors of the Company, has an interest in or a right to subscribe for, or had any short position (whether conditional or absolute, and whether in the money or otherwise) in relation to, any relevant securities, nor had any such person dealt in any relevant securities during the disclosure period; and neither the Company nor any of the Directors nor any person acting in concert with the Company or Directors have borrowed or lent any relevant securities.

- 3.5 Save as disclosed in paragraphs 3.2, 3.3 and 6.1 of this Part VII, there were no arrangements of the kind referred to in Note 11 of the definition of acting in concert in the City Code which existed between the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) or any associate of the Company and any other person, nor have any dealings in relevant securities taken place between such parties during the disclosure period.
- 3.6 Neither the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any relevant securities in BV Tech (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options), any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, in respect thereof.

BV Tech

- 3.7 As at the close of business on the disclosure date, BV Tech had 3,636,638 Ordinary Shares, representing 27.6 per cent. of the Existing Ordinary Shares and except pursuant to the Subscription Letter (see paragraph 6.1.1 below), no other interests, rights to subscribe and short positions, in relevant securities of the Company.
- 3.8 Save as disclosed below, during the disclosure period, there have been no dealings in relevant securities of the Company by BV Tech (including any persons connected with it), any director of BV Tech nor any person acting or deemed to be acting in concert with them.
- 3.8.1 on 11 April 2017, the Company issued 1,982,222 new Ordinary Shares to BV Tech at a price of £1.14 per Ordinary Share as consideration for the acquisition from BV Tech of a customised software package (see paragraph 6.1.7 of this Part VII);
- 3.8.2 on 11 April 2017, the Company issued 861,666 new Ordinary Shares to BV Tech for cash at a subscription price of £1.14 per Ordinary Share pursuant to a subscription agreement (see paragraph 6.1.9 of this Part VII);
- 3.8.3 on 11 April 2017, BV Tech acquired 300,000 Ordinary Shares from certain shareholders who converted their deferred shares in the capital of the Company into Ordinary Shares, at a price of £1.14 per Ordinary Share (see paragraph 5.1.11 of Part IV);
- 3.8.4 on 12 April 2017, BV Tech acquired 336,500 Ordinary Shares from a Shareholder at a price of £1.14 per share (see paragraph 5.1.7 of Part IV);
- 3.8.5 on 31 August 2017, the Company issued 156,250 new Ordinary Shares to BV Tech pursuant to a subscription agreement (see paragraph 6.1.6 of this Part VII); and
- 3.8.6 on 6 April 2018, the Company and BV Tech entered into a conditional subscription agreement for BV Tech to subscribe for 10,564,676 Subscription Shares and up to 4,398,223 Open Offer Shares, being the Subscription Letter (see paragraph 6.1.1 of this Part VII).
- 3.9 Save as disclosed in paragraphs 3.7 and 6.1.1 of this Part VII, neither BV Tech, nor any director of BV Tech nor any person acting in concert with BV Tech had any interest in or right to subscribe for, or had any short position or any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, in relation to, any relevant securities, during the disclosure period, nor has any such person borrowed or lent any relevant securities of the Company.
- 3.10 Save as disclosed in paragraphs 3.2, 3.3, 3.8 and 6.1.1 of this Part VII, neither BV Tech nor any director of BV Tech nor any person deemed to be acting in concert with BV Tech, has any arrangement of the kind referred to in Note 11 of the definition of acting in concert in the City Code or has dealt in any relevant securities of the Company during the disclosure period.

4. Middle market quotations

Set out below are the closing middle market quotations for the Ordinary Shares, as derived from the Daily Official List, for the first dealing day of each of the six months immediately preceding the date of this Circular and for 5 April 2018 (being the latest practicable date prior to the publication of this Circular):

<i>Date</i>	<i>Price (p)</i>
7 November 2017	51.50
5 December 2017	39.00
2 January 2018	44.00
6 February 2018	19.75
6 March 2018	15.50
3 April 2018	9.75
5 April 2018	9.5

5. Directors' service agreements and other arrangements with the Company

- 5.1 The Directors' current service agreements will be available for inspection as set out in paragraph 8 below and are summarised below. Otherwise than as set out below, there are no other service contracts between the Directors and the Company or any of its subsidiaries and no service contracts have been entered into nor have existing service contracts been amended during the period of six months prior to the date of this Circular.
- 5.2 The Defenx Group has entered into the following arrangements with its Directors:
- 5.2.1 a non-executive appointment letter between Anthony Reeves and the Company dated 7 October 2015 pursuant to which Mr Reeves was appointed as non-executive Director of the Company and chairman of the Board with effect from 1 October 2015. The appointment is terminable on three months' notice by either party but may be terminated immediately if Mr Reeves is in material breach of the terms of his appointment. Pursuant to a variation of the non-executive appointment letter dated 22 May 2017, with effect from 1 January 2017, Mr Reeves receives £26,000 per annum payable monthly in arrears for his role as non-executive Chairman, and £4,000 per annum payable monthly in arrears in respect of his role as chairman of the Company's remuneration committee;
- 5.2.2 a consultancy agreement between the Company and Spur Lodge Limited ("**Spur Lodge**") dated 22 May 2017, pursuant to which Spur Lodge makes available Anthony Reeves's consultancy services to the Company with effect from 1 January 2017, the exact nature of such services being as agreed between the Company and Spur Lodge from time to time, for a fee of £1,000 per day, up to a maximum of £28,000 per year;
- 5.2.3 a non-executive appointment letter dated 4 August 2017 between the Company and Mr Raffaele Boccardo, pursuant to which Mr Boccardo was appointed as a non-executive director of the Company and deputy chairman of the Board with effect from 4 August 2017. The appointment is terminable on one month's notice by either party but may be terminated immediately if Mr Boccardo is in material breach of the terms of his appointment;
- 5.2.4 a service agreement between Alessandro Poeiro and the Company dated 20 November 2017 pursuant to which Mr Poeiro was appointed as chief executive officer of the Company and Director with effect from 20 November 2017. The appointment is terminable on six months' notice by either party but may be terminated immediately if Mr Poeiro is in material breach of the terms of his appointment. Mr Poeiro receives £25,000 per annum payable monthly in arrears;
- 5.2.5 a service agreement between Alessandro Poeiro and Defenx Italia S.r.l. dated 14 December 2017 pursuant to which Mr Poeiro was appointed as chief executive officer of Defenx Italia s.r.l. with effect from 18 December 2017. The appointment is terminable on six months' notice by either party. Mr Poeiro receives €100,000 per annum payable monthly in arrears, is entitled to a discretionary bonus and other benefits including a car;
- 5.2.6 a service agreement between Andrea Stecconi and the Company dated 21 July 2015, pursuant to which Mr Stecconi was appointed as Chief Executive of the Company with effect from 4 June 2014. Andrea is to devote 10 per cent. of his working time to the Company and

the other 90 per cent. of his working time to the Company's subsidiary Defenx SA under his Swiss employment contract. The agreement is terminable on six months' notice on either side. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Stecconi is in material breach of the terms of the appointment. Pursuant to a variation letter dated 22 May 2017, with effect from 1 January 2017, Mr Stecconi is paid £15,000 per annum;

- 5.2.7 Andrea Stecconi has also entered into a Swiss employment contract with Defenx SA dated 1 September 2014, under which Mr Stecconi is employed as the general manager of Defenx SA for (as varied) an annual salary of CHF 130,000 per annum. Mr Stecconi may receive a performance bonus at Defenx SA's discretion;
- 5.2.8 a service agreement between Philipp Prince and the Company dated 21 July 2015 pursuant to which Mr Prince was employed as chief financial officer with effect from 1 July 2015. The appointment is terminable on three months' notice by either party but may be terminated immediately if Mr Prince is in material breach of the terms of his appointment. Pursuant to a variation of the service agreement dated 22 May 2017 and effective from 1 January 2017, Mr Prince's duties to the Company were updated and include managing cash flows and accounting processes, and ensuring compliance with relevant financial regulations, and Mr Prince receives a salary of £105,000 per annum, payable monthly in arrears, and may also receive a bonus at the discretion of the remuneration committee; and
- 5.2.8 a non-executive appointment letter dated 7 October 2015 between the Company and Leonard Seelig. The appointment is terminable on three months' notice by either party but may be terminated immediately if Mr Seelig is in material breach of the terms of his appointment. Pursuant to a variation of the non-executive appointment letter dated 22 May 2017 as supplemented by a consultancy agreement between the Company and Seelig Partners Limited ("**Seelig Partners**"), Seelig Partners makes available Leonard Seelig's consultancy services to the Company with effect from 1 January 2017, the exact nature of such services being as agreed between the Company and Seelig Partners from time to time, for a fee of £1,000 per day, up to a maximum of £28,000 per year.

6. Material contracts of the Company and the Defenx Group

- 6.1 Details of the material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company or any of its subsidiaries during the period commencing on 5 April 2016 (being the date two years prior to the publication of this Circular) and ending on 5 April 2018 (being the latest practicable date prior to the publication of this Circular) are as follows:

6.1.1 Subscription Letter

The Company and BV Tech have entered into the Subscription Letter dated 5 April 2018, pursuant to which, conditional upon, *inter alia*, Admission, BV Tech has undertaken to participate in the Fundraising by (subject to the passing of the Fundraising Resolutions and the Whitewash Resolution) subscribing for 10,564,676 Subscription Shares for cash, and to applying for all of its Open Offer Entitlements.

In addition, BV Tech has undertaken to apply for all the remaining Open Offer Shares under the Excess Application Facility, other than its own Open Offer Entitlements.

6.1.2 September 2017 master services agreement

On 26 September 2017, the Company entered into a master services agreement with BV Tech, which is a framework agreement intended to govern the process by which Defenx assigns work to BV Tech in relation to the development of software.

The agreement acknowledges that BV Tech will act in the best interests of Defenx and on an arm's length basis in relation to the provision of any software development services to the Company and that, notwithstanding that fact, BV Tech is a preferred supplier of such services to the Company given its expertise and relationship with Defenx.

The key terms of the agreement are as follows:

- all software development projects will be put out to tender with BV Tech and other third party suppliers selected by the Company;
- software development services will be assigned to the supplier of services deemed most suitable based on criteria including the quality, cost and timeframe for delivery. BV Tech shall have the right to match or better the terms offered by an alternative supplier provided that the overall proposal is at least equal to the alternative option;
- all intellectual property rights in relation to work provided by BV Tech under contracts governed by the agreement are created solely for the benefit of Defenx and shall be transferred and assigned to Defenx on receipt of the relevant fees due from the Company; and
- the agreement and any contracts governed by it may be terminated by either party providing at least 90 days' written notice.

On 10 January 2018, the Company entered into a contract with BV Tech, in accordance with this master services agreement, for support services relating to technological and systems insourcing including the provision of an interim-CTO for the Defenx Group.

6.1.3 **August 2017 convertible bond issue – bond placing agreement**

On 7 August 2017, the Company entered into a conditional agreement for the placing of secured, convertible (into Ordinary Shares) bonds with UK Bond Network Limited, and announced an auction process for such bonds. Pursuant to the bond placing agreement and for the purposes of the hosting of the auction, UK Bond Network Limited made available to the Company its website platform, and the Company gave various representations and warranties to UK Bond Network Limited regarding the Defenx Group and its business.

6.1.4 **August 2017 convertible bond issue – bond instrument and related security documentation**

On 23 August 2017, the Company's shareholders approved at a general meeting various resolutions as required for the convertible bond issue and on 31 August 2017, the Company announced the completion of the issue, and issued £1,250,000 10 per cent. secured convertible bonds due 2020, pursuant to a bond instrument the ("**Convertible Bond Instrument**") which had constituted up to £2 million unlisted secured convertible bonds (the "**Secured Convertible Bonds**").

The Secured Convertible Bonds are to mature and be due for repayment in full on 31 August 2020.

The Company and its subsidiaries, Defenx S.A. and Memopal S.r.l (since renamed Defenx Italia S.r.l.), gave an all assets debenture and guarantee to the Security Trustee 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, 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 at 10 per cent. per annum. At any time before the Secured Convertible Bonds mature, holders will have the right to convert the principal amounts of their Secured Convertible Bonds then outstanding into Ordinary Shares at a price which pursuant to the Convertible Bond Instrument may be adjusted, including in the event of an issue by the Company of new Ordinary Shares for cash; any share capital reorganisation affecting the Ordinary Shares; if an event of default occurs; or if a takeover offer is made for the whole or part of the Company's issued share capital.

The Company gave 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 Defenx Group and its business.

6.1.5 **August 2017 placing agreement**

The Company entered into a placing agreement with WH Ireland Limited (“**WHI**”) dated 7 August 2017, pursuant to which WHI, as agent for the Company, placed 734,375 Ordinary Shares with certain existing Shareholders and new institutional and other investors, at a price of £1.60 per Ordinary Share.

Under the terms of the placing agreement, WHI received commission from the Company and the Company gave customary warranties and undertakings to WHI in relation, *inter alia*, to its business and the performance of its duties, and indemnified WHI in relation to certain liabilities that may be incurred in undertaking the placing.

6.1.6 **August 2017 subscription agreement**

The Company entered into a subscription agreement with BV Tech dated 7 August 2017, pursuant to which BV Tech subscribed for 156,250 new Ordinary Shares for cash at a price of £1.60 per Ordinary Share. The Company gave customary warranties to BV Tech pursuant to the subscription agreement.

6.1.7 **April 2017 customised software package sale and purchase agreement**

On 10 April 2017, Company entered into a sale and purchase agreement, pursuant to which BV Tech sold, and the Company acquired, a customised encrypted voice and messaging software package in consideration for the issue by the Company to BV Tech of 1,982,222 new Ordinary Shares at a price of £1.14 per Ordinary Share.

6.1.8 **June 2017 software distribution contract**

On 22 June 2017, Defenx, via its subsidiary Memopal S.r.l. (since renamed Defenx Italia S.r.l.), entered into a software distribution contract with BV Tech. Under the contract, which is for an initial term of three years subject to 180 days’ notice by either party, the Company shall offer its product range for sale by BV Tech on a global, non-exclusive basis. Pursuant to the contract, BV Tech shall predominately target large corporate clients, providing Defenx with accelerated access to the corporate market. Invoicing is on a non-recourse basis, payable on 60 days.

6.1.9 **April 2017 subscription agreement**

On 11 April 2017, BV Tech and the Company entered into a subscription agreement, pursuant to which, the Company issued 861,666 new Ordinary Shares to BV Tech at a price of £1.14 per Ordinary Share.

The Company undertook, to the extent it was able to do so, to use its reasonable endeavours to identify Shareholders who would be willing to sell their Ordinary Shares to BV Tech and to facilitate BV Tech’s acquisition of Ordinary Shares, so that BV Tech would acquire up to 30 per cent. of the entire issued share capital of the Company.

In the subscription agreement, BV Tech agreed to a 12-month lock-in, pursuant to which it and its associates are not to sell or transfer any shares held by them in the Company for 12 months following the date of the admission to trading of the new Ordinary Shares issued pursuant to the Relationship Agreement, and thereafter to a 12-month orderly market undertaking, pursuant to which, for a further 12 months following the expiry of the lock-in period, BV Tech and its associates are only able to sell Ordinary Shares on certain terms and pursuant to certain specified conditions.

The subscription agreement included the terms of the Relationship Agreement.

6.1.10 **October 2016 placing agreement and warrants**

The Company entered into a placing agreement with WHI and Beaufort Securities Limited (“**Beaufort**”) dated 6 October 2016, pursuant to which WHI and Beaufort, as agents for the Company, placed 1,897,500 Ordinary Shares with certain existing Shareholders and new institutional and other investors.

Under the terms of the placing agreement, WHI and Beaufort received commission from the Company and the Company gave customary warranties and undertakings to WHI and Beaufort in relation, *inter alia*, to its business and the performance of its duties, and indemnified WHI and Beaufort in relation to certain liabilities that may be incurred in undertaking the placing.

As part of the placing and in consideration for their broking services in respect of the placing, the Company issued WHI and Beaufort 101,000 and 63,750 warrants over Ordinary Shares respectively pursuant to a warrant instrument dated 6 October 2016. The warrants have an exercise price of 80 pence per Ordinary Share and an expiry date of five years from the date of issue (which was 27 October 2016).

The Company issued 40,000 warrants over Ordinary Shares to Beaufort pursuant to a separate warrant instrument dated 6 October 2016 in consideration for Beaufort's broking services; these warrants have exercise prices of £1.00 per Ordinary Share (for 15,000 of the warrants); £1.25 per Ordinary Share (for 15,000 of the warrants) and £1.50 per Ordinary Share (for 10,000 of the warrants) and an expiry date of five years from the date of issue (which was 27 October 2016).

6.1.11 **Memopal S.r.l. (since renamed Defenx Italia S.r.l.) acquisition agreement (including assumption of loan liabilities)**

Pursuant to an acquisition agreement dated 1 August 2016, the Company acquired 95.2 per cent. of Memopal S.r.l., since renamed Defenx Italia S.r.l., from its majority owners Pi Campus S.r.l, Translated S.r.l, Thesis Impianti S.p.A. and a further 14 private investors ("**Sellers**") for a total consideration of up to €1.78 million.

The consideration comprised initial consideration of €1.40 million and deferred consideration of €0.38 million. The initial consideration was payable as to €0.44 million in cash payable to the Sellers in equal instalments over a period of up to 24 months ("**Cash Consideration**"); and the issue of 621,394 Ordinary Shares of to the Sellers ("**Consideration Shares**"). The deferred consideration of up to €0.38 million was to be satisfied by the issue of up to an additional 238,035 new Ordinary Shares, subject to certain performance thresholds being met following the conclusion of the acquisition, for the financial year ending 31 December 2017.

The Company also assumed outstanding loan liabilities of debts from Defenx Italia S.r.l. to certain Sellers of €0.56 million, to be repaid in equal instalments over a period of up to 24 months, which together with the unpaid Cash Consideration, attract interest at 8.0 per cent. per annum.

- 6.2 Other than as disclosed in this paragraph 6, no contracts have been entered into by the Company or any of its subsidiaries, other than in the ordinary course of business, within two years prior to the publication of this Circular, which are or may be material.

7. General

- 7.1 Strand Hanson has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the references to its name in the form and context in which they appear.
- 7.2 There is no agreement, arrangement, or understanding (including any compensation arrangement) between BV Tech and any person acting in concert with it and any of the Directors (or their close relatives and related trusts), recent directors of the Company, Shareholders or recent Shareholders of the Company, or any person interested or recently interested in the Ordinary Shares, having any connection with or dependence upon the proposals set out in this Circular.
- 7.3 There is a commercial relationship between Strand Hanson and BV Tech, but only to the extent that BV Tech representatives have been or are Directors of the Company, a corporate client of Strand Hanson. Save for this commercial relationship, there is no relationship (personal, financial or commercial), arrangement or understanding between BV Tech and Strand Hanson or any person who is, or is presumed to be, acting in concert with Strand Hanson.

- 7.4 No agreement, arrangement or understanding exists whereby the Ordinary Shares which may be acquired by BV Tech pursuant to its participation in the Subscription or the Open Offer or any exercise of Options will be transferred to any other person.
- 7.5 There are no relationships, arrangements or understandings between BV Tech and (i) any of the Directors (or their close relatives or related trusts) and (ii) any Shareholder or any person who is, or is presumed to be, acting in concert with any Shareholder.
- 7.6 Save as disclosed in paragraph 2 of Part I, there have been no significant changes in the financial or trading position of the Company since 30 June 2017 being the date to which its most recent interim financial statements were made up.
- 7.7 Neither the Company nor any member of the Defenx Group has any current public ratings or outlooks accorded to any of them by ratings agencies.

8. Documents available for inspection

- 8.1 Copies of the following documents will be available for inspection at the offices of SLC Registrars, 42-50 Hershams Road, Walton-on-Thames, Surrey KT12 1RZ during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) up to and including 23 April 2018 and at the General Meeting to be held on that day, and also on the Company's website at <https://investors.defenx.com/>:
- (i) the Circular;
 - (ii) the Articles of Association of the Company and of BV Tech;
 - (iii) the irrevocable undertakings described in paragraph 13 of Part I;
 - (iv) the consolidated audited accounts for the Company and BV Tech for the financial year ended 31 December 2015;
 - (v) the consolidated audited accounts for the Company and BV Tech for the financial year ended 31 December 2016;
 - (vi) the interim accounts of the Company for the six months ended 30 June 2017;
 - (vii) the material contracts referred to in paragraph 6 of this Part VII and paragraph 5 of Part IV to the extent required to be disclosed pursuant to the City Code; and
 - (viii) the consent letter from Strand Hanson referred to in paragraph 7.1 of this Part VII.

NOTICE OF GENERAL MEETING

Defenx plc

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

Notice is hereby given that a General Meeting of the Company will be held at 11.00 a.m. on 23 April 2018 at the offices of Trowers & Hamlins LLP, 3 Bunhill Row, London EC1Y 8YZ to consider and, if thought fit, pass the following resolutions which in the case of resolutions 1 to 3 will be proposed as ordinary resolutions and the case of resolutions 4 and 5 will be proposed as special resolutions. Resolution 1 will be taken on a poll in accordance with the requirements of the Panel. Only the Independent Shareholders, as described in the Circular, are entitled to vote on Resolution 1.

ORDINARY RESOLUTIONS

1. **THAT** the grant of the waiver by the Panel on Takeovers and Mergers described in the Circular of any requirement under Rule 9 of the City Code on Takeovers and Mergers on BV Tech (defined and described in the circular to shareholders issued by the Company dated 6 April 2018, containing this Notice of General Meeting (the "Circular")) to make a general offer to the shareholders of the Company as a result of the participation of BV Tech in the Fundraising (as defined in the Circular) be and is hereby approved.
2. **THAT**, subject to and conditional upon the passing of Resolution 1 above, the Directors be and they are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any equity securities (within the meaning of Section 560 of the Act) into shares in the Company up to the maximum aggregate nominal amount to be allotted in connection with the Fundraising (as defined in the Circular), being £269,332.18; **PROVIDED** that this authority shall expire on the earlier of 30 June 2018 or the conclusion of the Company's next annual general meeting unless revoked, varied or renewed before such date save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry and the Directors may allot shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.
3. **THAT**, in substitution for any existing authority (except any granted by Resolution 2 above) but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities, the Directors be and they are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any equity securities (within the meaning of Section 560 of the Act) into shares in the Company up to the maximum aggregate nominal amount of £168,945.41; **PROVIDED** that this authority shall expire on the earlier of 30 June 2018 or the conclusion of the Company's next annual general meeting unless revoked, varied or renewed before such date save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry and the Directors may allot shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.

SPECIAL RESOLUTIONS

4. **THAT**, subject to and conditional upon the passing of Resolutions 1 and 2 above, the Directors be and are hereby generally and unconditionally empowered pursuant to Section 570 of the Act to exercise all powers of the Company 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(1) of the Act did not apply to any such allotment, provided that such power shall be limited to the allotment of equity securities in connection with the Fundraising pursuant to the authority conferred by

Resolution 2 above up to a maximum nominal amount of £269,332.18; **PROVIDED** that this authority shall expire on the earlier of 30 June 2018 or the conclusion of the Company's next annual general meeting unless revoked, varied or renewed before such date save that the Company may, before such expiry, make an 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 any such offer or agreement notwithstanding that the power conferred hereby has expired.

5. **THAT**, subject to and conditional upon the passing of Resolution 3 above and in substitution for any existing authority, the Directors be and are hereby generally and unconditionally empowered pursuant to Section 570 of the Act to exercise all powers of the Company to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the general authority conferred by Resolution 3 above as if Section 561(1) of the Act did not apply to any such allotment; **PROVIDED** that such power shall be limited to the allotment of equity securities in respect of:
- (a) the allotment of equity securities for cash in connection with an offer of, or invitation to apply for, equity securities (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and (ii) to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary; and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;
 - (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to a maximum aggregate nominal amount of £50,683.63,

PROVIDED further that this authority shall expire on the earlier of 30 June 2018 or the conclusion of the Company's next annual general meeting unless revoked, varied or renewed before such date save that the Company may, before such expiry, make an 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 any such offer or agreement notwithstanding that the power conferred hereby has expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares and grant rights to subscribe for or convert any securities into shares in the Company but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

Dated: 6 April 2018

Registered Office:

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

By Order of the Board

Liam O'Donoghue
Company Secretary

Notes:

1. In order to comply with the City Code on Takeovers and Mergers, Resolution 1 will be taken on a poll and BV Tech (as defined in the Circular) will not participate.
2. Shareholders entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote in their place. A proxy need not be a shareholder of the Company.
3. Shareholders may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. Shareholders may not appoint more than one proxy to exercise rights attached to any one share. Shareholders should contact the Company's Registrars, SLC Registrars, if they wish to appoint more than one proxy or they should photocopy the Form of Proxy.
4. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on the resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the votes "For" and "Against" such resolution.
5. A Form of Proxy is enclosed with this Circular, and members who wish to use it should see that it is deposited, duly completed, with the Company's Registrars, SLC Registrars, 42-50 Hershaw Road, Walton-on-Thames, Surrey KT12 1RZ by no later than 48 hours before the time fixed for the meeting (or any adjournment thereof) weekends and bank holidays excluded. Completing and posting of the Form of Proxy will not preclude the appointing shareholder from attending and voting in person at the General Meeting should they wish to do so.

6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company as at 6.30 p.m. on 19 April 2018 shall be entitled to attend or vote at the aforesaid meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6.30 p.m. on 19 April 2018 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST personal members, sponsored CREST members and 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 for them.

To complete a valid proxy appointment or instruction using the CREST service, the CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted and received by SLC Registrars (Participant ID 7RA01) by no later than 48 hours before the time fixed for the meeting (or any adjournment thereof) weekends and bank holidays excluded. The time of receipt of the instruction will be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which SLC Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to ensure that his CREST sponsor or voting service provider(s) take(s) the necessary action to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat a CREST Proxy Instruction as invalid as set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. As at 6.00 p.m. on the date immediately prior to this notice, the Company's issued share capital comprised 13,194,671 ordinary shares. Each ordinary share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at 6.00 p.m. on the date immediately prior to this notice is 13,194,671.

