

Telit Communications PLC

Posting of Annual Report and Accounts, Chairman's Letter and Notice of AGM

London, 28 April 2021 – Telit Communications PLC (AIM: TCM, "Telit" and "Group"), a global enabler of the Internet of Things (IoT), has published its Annual Report and Accounts for the year ended 31 December 2020. Printed copies of the Annual Report and Accounts have been posted to shareholders alongside the Notice of Annual General Meeting and Chairman's Letter.

Telit's Annual General Meeting will be held at 10 Habarzel Street, Tel Aviv, Israel at 10 a.m. UK time (12 p.m. Israel time) on 20 May 2021. In accordance with current government instructions and guidance regarding Covid-19 and the restrictions on social contact, public gatherings and non-essential travel, you should not attempt to physically attend the AGM.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until **9am the day before** the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet **TELIT COMMUNICATIONS PLC** via: <https://www.investormeetcompany.com/telit-communications-plc/register-investor>

Investors who already follow **TELIT COMMUNICATIONS PLC** on the Investor Meet Company platform will automatically be invited.

The Annual Report and Accounts will be available shortly on the Group's website at <https://www.telit.com/about/investor-relations/>.

The Chairman's Letter and Notice of Annual General Meeting will be available shortly on the Group's website at <https://www.telit.com/about/investor-relations/shareholders-meetings/>.

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Telit Communications PLC

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About Telit

[Telit](#) (AIM: TCM), is a global leader in Internet of Things (IoT) enablement. The company offers the industry's broadest portfolio of integrated products and services for end-to-end IoT deployments - including cellular communication modules in all technologies, GNSS, Wi-Fi, short-to-long range wireless modules, IoT connectivity plans and IoT platform services. Through the IoT Portal, Telit makes IoT onboarding easy, reduces risk, time to market, complexity and costs for asset tracking, remote monitoring and control, telematics, industrial automation and others, across many industries and vertical markets worldwide.

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PART I

LETTER FROM THE CHAIR

Telit Communications PLC

(Incorporated and registered in England and Wales with registered number 05300693)

28 April 2021

Dear Shareholder,

Annual General Meeting 2021

I am pleased to write to you with details of this year's Annual General Meeting ("**AGM**") of Telit Communications PLC ("**Company**") which will be held at 10 Habarzel Street, Tel Aviv, Israel at 10 a.m. UK time (12 p.m. Israel time) on 20 May 2021. The formal Notice of AGM is set out at Part II of this document.

As a result of the evolving situation regarding Covid-19 and as a result of the social distancing measures implemented by the UK Government to manage the impact of Covid-19 (the "**Government Measures**"), as at the date of this document and as set out in the roadmap out of lockdown announced by the UK Government on 22 February 2021, our expectation is that there will be limitations to our ability to host the AGM with shareholders in attendance in person. As a result, the Board has determined that as with last year's AGM it is impractical to hold the AGM in the United Kingdom and it will again be hosted at the Company's offices in Israel. Subject to any further Government Measures, we will aim to hold future AGMs in the United Kingdom as usual.

I. IMPORTANT: COVID-19 IMPLICATIONS – PARTICIPATING IN THE ANNUAL GENERAL MEETING

In accordance with current Government Measures regarding Covid-19 and the restrictions on social contact, public gatherings and non-essential travel, you should not attempt to physically attend the AGM. Instead you should vote by proxy, preferably online in accordance with the instructions below by 10 a.m. UK time on [18] May 2021.

Accordingly, unless there is there is any material change in circumstances which causes the Company to notify changed arrangements, any shareholder (other than those required to form a quorum) who attempts to physically attend the AGM in person will be refused admission. The Company's attendance at the AGM in person will be limited to satisfy the requirements for a quorum.

We strongly urge you to follow government instructions in respect of the evolving situation regarding COVID-19 and the restrictions on social contact, public gatherings and non-essential travel.

The situation in relation to Covid-19 continues to evolve and the Company will continue to update its shareholders on any changed arrangements for the AGM through the Regulatory Information Service and

the Company's website www.telit.com. Company shareholders are advised to check the Company's website for updates.

If you would like to access the proceedings of the AGM by audio, the Company has made available an audio facility, through which the AGM will be broadcast at the relevant time. If you would like to take advantage of this facility, please access the link at [<https://www.telit.com/about/investor-relations/shareholders-meetings/>] and follow the instructions provided. Access and the numbers of participants may be limited due to technological restraints.

Please note that by taking part in the audio facility you will **NOT** be: (i) counted in attendance at the AGM; or (ii) counted in the vote at the AGM. You are therefore strongly urged to vote online (as detailed below in Paragraph II) by the relevant time.

The Directors would normally welcome the AGM as an opportunity to meet shareholders in person and to listen to and respond to your questions in person. We are keen to hear your views, and to answer your questions on the business of the AGM. Shareholders may submit questions to the Chair of the AGM by email at: investor.relations@telit.com. Any questions must relate to the subject matter of the AGM and the email must clearly state your name, address, registered nominee holder (if applicable) and the number of Company shares you hold. We recommend that you submit your questions as soon as possible and before 5.00pm (UK time) on 18 May 2021 to enable us to respond to all questions before the AGM.

II. PROXY FORM

You will not receive a form of proxy for the AGM in the post. Instead, you are strongly encouraged to vote online (for further details: see the Notes to the Notice of AGM, on page 7 of this document) and return the electronic form of proxy as soon as practicable and in any event by the time and date noted above. If you wish, you may request a hard copy proxy form directly from the registrars, **Link Asset Services, 34 Beckenham Road, Beckenham, BR3 4TU (telephone number: 0371 664 0391).**

Due to restrictions on attendance at the AGM, when completing your proxy form, please only reference the 'Chair of the AGM' as your proxy (and do not specifically name any one individual).

III. RECOMMENDATION

The Board considers that each of the Resolutions set out in the Notice of AGM is in the best interests of the Company and its shareholders as a whole. Your Board intend to vote in favour of each Resolution in respect of their own respective holdings of ordinary shares in the capital of the Company and they unanimously recommend that you should vote in favour of each of them as well

Yours sincerely,

Simon Duffy
Chair

PART II

TELIT COMMUNICATIONS PLC

NOTICE OF ANNUAL GENERAL MEETING

This year's AGM will be held at the offices of 10 Habarzel Street, Tel Aviv, Israel at 10 a.m. UK time (12 p.m. Israel time) on 20 May 2021. Shareholders will be asked to consider and, if thought fit, pass the resolutions below. Resolutions 15, 16 and 17 will be proposed as Special Resolutions. All other resolutions will be proposed as Ordinary Resolutions.

Ordinary Resolutions

1. To receive and consider Telit Communications PLC's ("Company") annual accounts together with the directors' report and the auditors' report thereon for the financial year ended 31 December 2020.
2. To receive and approve the report on directors' remuneration on pages 34 to 38 of the 2020 Annual Report for the financial year ended 31 December 2020.
3. To appoint Mazars LLP as auditors to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting of the Company at which accounts are laid.
4. To authorize the directors to determine Mazars LLP's remuneration as auditors of the Company.
5. To re-elect Marco Patuano as a director.
6. To re-elect Anthony Dixon as a director.
7. To re-elect Paolo Dal Pino as a director.
8. To re-elect Simon Duffy as a director.
9. To re-elect Harald Rösch as a director.
10. To re-elect Gil Sharon as a director.
11. To elect Eyal Shefer as a director.
12. To elect Yang Yuxiang as a director.
13. That the directors be generally and unconditionally authorised under section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the

Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £895,931.88 comprising:

- 13.1 an aggregate nominal amount of £447,965.94 (whether in connection with the same offer or issue as under 13.2 below or otherwise); and
- 13.2 an aggregate nominal amount of £447,965.94 in the form of equity securities (as defined in section 560 of the Companies Act 2006) in connection with an offer by way of a rights issue, open for acceptance for a period fixed by the directors, made to holders of ordinary shares (other than the Company) on the register on any record date fixed by the directors in proportion (as nearly as may be) to the respective number of ordinary shares deemed to be held by them, subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever.

This authority shall expire (unless previously varied as to duration, revoked or renewed by the Company in general meeting) at the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier), except that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or such rights to be granted after such expiry and the directors may allot shares or grant such rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

This resolution revokes and replaces all unexercised authorities previously granted to the directors in accordance with section 551 of the Companies Act 2006 to allot shares or grant rights to subscribe for or to convert any security 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.

- 14. That the directors be and are hereby authorised, in accordance with article 212 of the Company's Articles of Association, and to the extent and in the manner determined by the directors, to offer the holders of ordinary shares in the capital of the Company (excluding members holding any shares as treasury shares), the right to elect to receive an allotment of new ordinary shares in the capital of the Company (credited as fully paid) instead of any cash, in respect of all or part of any dividend as may be declared by the directors from time to time, provided that the authority conferred by this resolution shall expire at the end of the next annual general meeting of the Company after the date on which this resolution is passed.

Special Resolutions

- 15. That the directors be empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the general authority conferred on them by resolution 13 and/or to sell equity securities held by the Company as treasury shares for cash pursuant to section 727 of the Companies Act 2006, in each case as if section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be limited to:
 - 15.1 any such allotment and/or sale of equity securities in connection with an offer by way of a rights issue or other pre-emptive offer or issue, open for acceptance for a period fixed by the directors, made to holders of ordinary shares (other than the Company) on the register on any record date fixed by the directors in proportion (as

nearly as may be) to the respective number of ordinary shares deemed to be held by them, subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

- 15.2 any such allotment and/or sale, otherwise than pursuant to sub-paragraph 15.1 above, of equity securities having, in the case of ordinary shares, an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal value, not exceeding the sum of £67,194.89.

This authority shall expire, unless previously revoked or renewed by the Company in general meeting, at such time as the general authority conferred on the directors by resolution 13 expires, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

- 16. That, in addition to any authority granted under resolution 15, the directors be empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the general authority conferred on them by resolution 13 and/or to sell equity securities held by the Company as treasury shares for cash pursuant to section 727 of the Companies Act 2006, in each case as if section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be:

- 16.1 limited to any such allotment and/or sale of equity securities having, in the case of ordinary shares, an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal value, not exceeding the sum of £67,194.89; and

- 16.2 used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

This authority shall expire, unless previously revoked or renewed by the Company in general meeting, at such time as the general authority conferred on the directors by resolution 13 expires, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

- 17. That the Company be, and it is hereby, generally and unconditionally authorised for the purpose of sections 693 and 701 of the Companies Act 2006 to make one or more market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of £0.01 each in the capital of the Company upon such terms and in such manner as the directors of the Company shall determine, provided that:

- 17.1 the maximum aggregate number of ordinary shares authorised to be

purchased is 13,438,978;

- 17.2 the minimum price which may be paid for such ordinary shares is £0.01 per share (exclusive of expenses); and
- 17.3 the maximum price (exclusive of expenses) which may be paid for an ordinary share cannot be more than the higher of:
 - 17.3.1 105 per cent of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the day the purchase is made;
 - 17.3.2 the price of the last independent trade on the trading venue where the purchase is carried out; and
 - 17.3.3 the highest current independent purchase bid on that venue.

This authority shall expire at the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier), but the Company may, if it agrees to purchase ordinary shares under this authority before it expires, complete the purchase wholly or partly after this authority expires.

By order of the board of directors of the Company

Daniel Neiger
Company
Secretary

28 April 2021

Registered Office:
Cannon Place, 78 Cannon Street, London, England,
EC4N 6AF Registered in England and Wales No. 5300693

NOTES RELATING TO THE NOTICE OF ANNUAL GENERAL MEETING AND PROXY APPOINTMENTS

In accordance with current government instructions and guidance regarding Covid-19 and the restrictions on social contact, public gatherings and non-essential travel, you should not attempt to physically attend the AGM. Instead you should vote by proxy, preferably online in accordance with the instructions below by 10 a.m. UK time on 18 May 2021.

Accordingly, unless there is any material change in circumstances which causes the Company to notify changed arrangements, any shareholder (other than those required to form a quorum) who attempts to physically attend the AGM in person will be refused admission. The Company's attendance at the AGM in person will be limited to satisfy the requirements for a quorum.

We strongly urge you to follow government instructions in respect of the evolving situation regarding COVID-19 and the restrictions on social contact, public gatherings and non-essential travel.

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the AGM. **Due to restrictions on attendance at the AGM, when completing your proxy form, please only reference the 'Chair of the AGM' as your proxy (and do not specifically name any one individual).**
2. **Voting by Proxy.** You can vote either:
 - by logging on to www.signalshares.com and following the instructions; or
 - you may request a hard copy form of proxy directly from the registrars, Link Asset Services (previously called Capita) by sending an email request to enquiries@linkgroup.co.uk or by Tel: 0371 664 0391. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales; or
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid, a form of proxy must be completed. In each case the form of proxy must be received by Link Asset Services (at 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, if posting a hard copy form) by no later than 10 a.m. UK time on 18 May 2021.

3. While a shareholder may ordinarily appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder, **due to restrictions on attendance at the AGM, when completing your proxy form, please only reference the 'Chair of the AGM' as your proxy (and do not specifically name any one individual).**
4. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 6 below) will not, by itself, prevent a shareholder attending the AGM

and voting in person if he/she wishes to do so. **However, as per the above note, any Company shareholder that attempts to physically attend the AGM will be refused admission in order to comply with government instructions and guidance.**

5. Corporate shareholders are ordinarily entitled to appoint a corporate representative to exercise all or any of their rights to attend and to speak and vote on their behalf at the AGM, provided that no more than one corporate representative exercises powers in relation to the same shares. **However, due to restrictions on attendance at the AGM, when completing your proxy form, please only reference the ‘Chair of the AGM’ as your proxy (and do not specifically name any one individual).**
6. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered in the register of members of the Company as at close of business on 18 May 2021 or, if the AGM is adjourned, in the register of members at close of business on the second day prior to the day of any adjourned AGM, shall be entitled to attend or vote at the AGM in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after close of business on 18 May 2021 or, if the AGM is adjourned, in the register of members after close of business on the second business day prior to the day of the adjourned AGM, shall be disregarded in determining the rights of any person to attend, speak or vote at the AGM or at any such adjournment.
7. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “**Nominated Person**”) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 4 above does not apply to the Nominated Persons. The rights described in such paragraphs can only be exercised by shareholders of the Company.
8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.
9. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited, (the operator of the CREST system), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of

a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by no later than 10 a.m. UK time on 18 May 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
14. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
15. As at 27 April 2021 (being the last practicable date prior to the publication of this Notice), the Company's issued share capital consists of 134,389,782 ordinary shares of £0.01 each. Therefore, the total voting rights in the Company as at 27 April 2021 are 134,389,782 carrying one vote each.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 14 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 15 to 17 are proposed as special resolutions. This means that for these resolutions to be passed, at least three-quarters of the votes cast must be in favour of each of them respectively.

In accordance with the Articles of Association, the Chair of the AGM has determined that all resolutions to be put to a vote are to be decided on a poll.

Resolution 1 (annual report and accounts)

The directors of the Company must present to the meeting the audited annual accounts and the directors' and auditors' report for the financial year ended 31 December 2020.

Resolution 2 (remuneration report)

The Company's shareholders will be asked to approve the remuneration report set out on pages 34 to 38 in the annual report and accounts at the AGM. It sets out the Company's policy on, and gives details of, directors' remuneration and other relevant information.

Resolutions 3 and 4 (appointment and remuneration of auditors)

The Company is required to appoint auditors at each general meeting at which accounts are presented to shareholders to hold office until the conclusion of the next such meeting. Resolution 3 seeks shareholder approval to appoint Mazars LLP as auditors to hold office from the conclusion of the AGM until the conclusion of the next general meeting of the Company at which accounts are laid, such auditors having been appointed by the board of directors of the Company since the last AGM.

Resolution 4 seeks authority for the Company's directors to fix the auditors' remuneration. In accordance with best practice in corporate governance separate authorities are being sought to appoint the auditors and to fix their remuneration.

Resolutions 5 to 12 (election and re-election of Directors)

Resolutions 5 to 12 inclusive deal with the election and re-election of the directors.

Eyal Shefer and Yang Yuxiang who were each appointed by the Board since the last annual general meeting, will hold office only until the AGM and are then eligible for election by shareholders in accordance with the Articles of Association.

In keeping with the Board's aim of following best corporate governance practice, Simon Duffy, Paolo Dal Pino, Gil Sharon, Harald Rösch, Marco Patuano and Anthony Dixon are also standing for re-election by the shareholders at this year's AGM. The Company intends that all directors be subject to re-election by the shareholders every year.

Biographical information for each of the directors is shown on pages 24 to 26 of the annual report and accounts.

The board of directors believes that each of the directors standing for re-election has considerable and wide-ranging experience, which will be invaluable to the Company. Each of the directors has given an assurance to the board of directors that they remain committed to their role and will ensure that they devote sufficient time to it, including attendance at board of directors and committee meetings.

Resolution 13 (authority to allot)

Under section 549 of the Companies Act 2006, the directors are prevented, subject to certain exceptions, from allotting shares in the Company or granting rights to subscribe for, or convert any security into, shares in the Company, without the authority of the shareholders in general meeting. In accordance with institutional investor guidelines, resolution 13 is proposed as an ordinary resolution to authorise the directors to allot shares, or to grant rights to subscribe for or to convert any security into shares in the Company, up to an aggregate nominal value of £895,931.88, such amount representing approximately two thirds of the ordinary share capital of the Company in issue (excluding treasury shares) at 27 April 2021 (being the last practicable date prior to the publication of this notice).

As provided in paragraph 13.1 of the resolution, up to half of this authority (equal to one-third of the issued share capital of the Company (excluding treasury shares)) will enable directors to allot and issue new shares in whatever manner (subject to pre-emption rights) they see fit.

Paragraph 13.2 of the resolution provides that the remainder of the authority (equal to a further one-third) may only be used in connection with a rights issue in favour of ordinary shareholders.

As paragraph 13.1 imposes no restrictions on the way the authority may be exercised, it could be used in conjunction with paragraph 13.2 so as to enable the whole two-thirds authority to be used in connection with a rights issue. Where usage of this authority exceeds the one-third of the issued share capital, the directors intend to follow emerging best practice as regards its use.

The directors' authority shall expire at the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier). The directors have no immediate plans to make use of this authority. As at the date of this notice the Company does not hold any ordinary shares in the capital of the Company in treasury.

Resolution 14 (SCRIP dividend policy)

If this resolution is approved, it will allow participants to receive ordinary shares in the capital of the Company for every cash dividend entitlement where the SCRIP is offered. The directors will retain the discretion to decide whether to offer a SCRIP dividend alternative in respect of each future dividend. Where a SCRIP dividend is offered, details of the terms and conditions of the offer of the SCRIP dividend will be circulated at the relevant time. Although no final dividend has been declared, the directors consider it prudent to maintain the option to provide this alternative for shareholders should circumstances alter so as to make a SCRIP alternative appropriate for future dividends.

In line with investor protection guidelines, the authority contained in this resolution is sought for one year only and shall therefore expire at the end of the next annual general meeting of the Company after the date on which it is passed. Unless there is a change in circumstances, the Company expects to seek an extension of this authority prior to its expiry.

Resolutions 15 and 16 (disapplication of statutory pre-emption rights)

The Companies Act 2006 prescribes certain pre-emption rights under which, if the Company issues new shares, or grants rights to subscribe for or to convert any security into shares, for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings.

Under Resolution 15, it is proposed that the directors be authorised to issue shares for cash and/or sell shares from treasury (if any are so held) without offering them first to existing shareholders in accordance with statutory pre-emption rights:

- (i) up to an aggregate nominal amount of £67,194.89. This amount represents approximately 5 per cent of the Company's issued share capital (excluding shares held in treasury) as at 27 April 2021, the latest practicable date prior to the publication of the notice. This part of the authority is designed to provide the board with flexibility to raise further equity funding and to pursue acquisition opportunities as and when they may arise; or
- (ii) in respect of a rights issue, open offer or other offer that generally provides existing shareholders with the opportunity to subscribe for new shares pro rata to their existing holdings. This part of the authority is designed to give the directors flexibility to exclude certain shareholders from such an offer where the directors consider it necessary or desirable to do so in order to avoid legal, regulatory or practical problems that would otherwise arise.

Under Resolution 16, it is proposed that the directors be authorised to disapply statutory pre-emption rights in respect of an additional 5 per cent of the Company's issued share capital. The directors consider that proposing this resolution is appropriate for the Company's circumstances and, in accordance with the Pre-Emption Group's Principles, the directors confirm that the authority in resolution 16 will be used only in connection with an acquisition or specified capital investment that is announced contemporaneously with the issue, or that has taken place in the preceding six-month period and is disclosed in the announcement of the issue.

If passed, the authorities in Resolution 15 and Resolution 16 will expire at the same time as the authority to allot shares given pursuant to Resolution 13.

Excluding any shares issued in connection with an acquisition or specified capital investment as described above, the directors do not intend to issue more than 7.5 per cent of the issued share capital on a non-pre-emptive basis in any rolling three-year period.

Resolution 17 (authority for market purchases of own shares)

This resolution will provide the Company with authority to make limited market purchases of the Company's ordinary shares. The authority is limited to a maximum aggregate number of 13,438,978 ordinary shares (representing approximately 10 per cent of the issued ordinary shares as at 27 April 2021 (being the latest practicable date prior to publication of this report)) and sets out the minimum and maximum prices that can be paid, exclusive of expenses. The authority conferred by this resolution will expire at the conclusion of the Company's next annual general meeting or the date which falls 15 months from the date of the annual general meeting at which this resolution is passed, whichever is the earlier. Any purchases of ordinary shares would be made by means of market purchase through the London Stock Exchange.

Pursuant to the Companies Act 2006, companies are allowed to hold shares acquired by way of market purchase in treasury, rather than having to cancel them. The directors may use the authority to purchase shares and hold them in treasury (and subsequently sell or transfer them out of treasury as permitted in accordance with legislation) rather than cancel them, subject to institutional guidelines applicable at the time.

In deciding whether to purchase shares, the directors will take into account the capital needs of the Company based on its financial outlook over the 12 months following the AGM. In assessing those

needs, they will pay particular attention to the impact of Covid-19 on the business, the heightened risk environment created by the pandemic and any opportunities to make investments that are in the long term interests of shareholders. They will also take account of the impact of any repurchase on the Company's earnings per share and net asset value per share and will consider whether, in their opinion, such a repurchase is in the interests of shareholders of the Company generally.