

THIS CIRCULAR AND THE ACCOMPANYING APPLICATION FORM AND FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this circular and/or as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

This circular and any accompanying documents should not be sent or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities law or regulations including, but not limited to, any Restricted Jurisdiction.

The total consideration under the Capital Raising will be less than €5 million (or an equivalent amount) in aggregate. 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.

DELTEX MEDICAL GROUP PLC

(Incorporated in England and Wales with registered number 3902895)

Placing of 85,160,000 Placing Shares at a price of 1.25 pence per share
Subscription of 54,840,000 Subscription Shares at a price of 1.25 pence per share

Offer of up to 28,000,000 Offer Shares to Qualifying Participants
at 1.25 pence per share to raise up to £350,000

Loan Note Arrangements

and

Notice of General Meeting

ARDEN PARTNERS PLC

Nominated Adviser and Joint Broker

TURNER POPE INVESTMENTS (TPI) LTD

Joint Broker

This circular should be read as a whole. Your attention is drawn in particular to the letter from the Chairman of the Company which is set out in Part I of this circular and, in particular, to paragraph 17 which contains the unanimous recommendation from the Directors that Shareholders vote in favour of the Resolution to be proposed at the General Meeting referred to below.

Notice of a General Meeting of Deltex to be held at 10.00 a.m. on 9 February 2018 at the offices of DAC Beachcroft LLP at 100 Fetter Lane, London, EC4A 1BN is set out at the end of this circular. A Form of Proxy for use at this General Meeting is enclosed. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon to the Company's UK Registrars, Link Market Services Limited, as soon as possible but in any event so as to arrive not later than 10.00 a.m. on 7 February 2018 together with any power of attorney or other authority (or a certified copy thereof) under which it is signed. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Arden, which is authorised by the FCA, is acting exclusively for the Company and no-one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this circular) as a client in relation to the Placing or the Subscription or the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising or any other matter referred to herein. Its responsibilities as the Company's nominated adviser and joint broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed to the London Stock Exchange and not to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this circular. Arden has not authorised the contents of, or any part of, this circular and no liability whatsoever is accepted by Arden nor does it make any representation or warranty, express or implied, for the accuracy of any information or opinion contained in this circular or for the omission of any information. Arden expressly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this circular.

TPI, which is authorised by the FCA, is acting exclusively for the Company and no-one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this circular) as a client in relation to the Placing or the Subscription or the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising or any other matter referred to herein. Its responsibilities as the Company's joint broker under the AIM Rules for Companies are owed to the London Stock Exchange and not to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this circular. TPI has not authorised the contents of, or any part of, this circular and no liability whatsoever is accepted by TPI nor does it make any representation or warranty, express or implied, for the accuracy of any information or opinion contained in this circular or for the omission of any information. TPI expressly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this circular.

The Existing Ordinary Shares are admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Application will be made to the London Stock Exchange for the New Ordinary Shares and the Offer Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares to be issued pursuant to the Placing and the Subscription and the Offer Shares will commence at 8.00 a.m. on 12 February 2018.

This circular does not constitute a prospectus or a prospectus equivalent document. No person has been authorised to give any information or make any representation and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, Arden or TPI. In particular, the content of the Company's website does not form part of this circular and Shareholders and prospective shareholders should not rely on it.

Whether or not you intend to be present at the General Meeting, please complete the Form of Proxy enclosed with this circular in accordance with the instructions printed on the Form of Proxy and return it to Link Market Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 10.00 a.m. on 7 February 2018 in order to be valid. Completion and return of the Form of Proxy will not preclude you from attending and voting at the General Meeting should you so wish.

Copies of this circular are available free of charge from the Company Secretary, Deltex Medical Group plc, Terminus Road, Chichester, West Sussex, PO19 8TX.

Notice to Overseas Shareholders

Neither this circular nor the Form of Proxy nor the Application Form should be distributed, forwarded, or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the Restricted Jurisdictions.

This circular does not constitute, and may not be used for the purposes of, any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for Ordinary Shares to or by anyone in any jurisdiction in which such offer, invitation or solicitation is unlawful or to any person to whom it is unlawful to make such offer or invitation or undertake such solicitation.

This circular does not constitute an offer of the Ordinary Shares to any person with a registered address, or who is resident or located, in any of the Restricted Jurisdictions. This circular is not being sent to Shareholders with registered addresses in the Restricted Jurisdictions.

None of the New Ordinary Shares or the Offer Shares have been or will be registered under the US Securities Act or under the applicable state securities laws of the United States or under the applicable securities laws of Australia, Canada, Japan, New Zealand, Russia or the Republic of South Africa. Subject to certain exceptions, the New Ordinary Shares and the Offer Shares may not be offered, sold, taken up, delivered or transferred in or into the any of the Restricted Jurisdictions. In particular, none of the New Ordinary Shares or the Offer Shares may be, directly or indirectly, offered, sold, taken up, delivered, renounced or transferred in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of any of the New Ordinary Shares or the Offer Shares in the United States.

Neither the SEC nor any state securities commission or other US regulatory authority has approved or disapproved of the New Ordinary Shares or the Offer Shares or endorsed the merits of the Capital Raising or the adequacy or accuracy of this circular. Any representation to the contrary is a criminal offence in the United States.

Forward-looking statements

This circular contains statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipates", "believes", "could", "envisages", "estimates", "expects", "intends", "may", "plans", "projects", "should", "will" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this circular and include statements regarding the intentions, beliefs and current expectations of the Company or the Directors concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Company and the industry in which the Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual results, performance or achievements of the Company or developments in the industry in which the Group operates may differ materially from the future results, performance or achievements or industry developments expressed or implied by the forward-looking statements contained in this document.

The forward-looking statements contained in this document speak only as at the date of this document. The Company undertakes no obligation to update or revise publicly the forward-looking statements contained in this document to reflect any change in expectations or to reflect events or circumstances occurring or arising after the date of this document, except as required in order to comply with its legal and regulatory obligations (including under the AIM Rules for Companies).

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CAPITAL RAISING STATISTICS

Issue Price	1.25 pence
Number of Existing Ordinary Shares in issue on the Record Date	313,213,367
Number of New Ordinary Shares to be issued pursuant to:	
the Placing	85,160,000
the Subscription	54,840,000
The Offer Shares available under the Offer	28,000,000
Enlarged Share Capital following completion of the Placing, the Subscription and the Offer*	481,213,367
Percentage of the Enlarged Share Capital represented by the New Ordinary Shares and the Offer Shares*	35%
Gross proceeds of the Placing	£1,064,500
Gross proceeds of the Subscription	£685,500
Gross proceeds of the Offer**	£350,000
Estimated cash proceeds after expenses of the Capital Raising*	£1.94 million

* Assuming all the New Ordinary shares (i.e. the Placing Shares and the Subscription Shares) and all the Offer Shares are issued and that (save for the Placing Shares, the Subscription Shares and the Offer Shares) no Ordinary Shares are issued following the date of this document.

** Assuming all the Offer Shares are issued.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2018

Record Date for the Offer	22 January
Posting of this circular, the Form of Proxy and the Application Form (where applicable)	24 January
Latest time and date for receipt of Forms of Proxy from Shareholders	10.00 a.m. on 7 February
Latest time for receipt of completed Application Form and payment in full by cheque under the Offer	12.00 noon on 7 February
General Meeting	10.00 a.m. on 9 February
Announcement of results of the General Meeting	9 February
Admission effective and dealings in the New Ordinary Shares and the Offer Shares expected to commence on AIM	8.00 a.m. on 12 February
Expected date for crediting of the New Ordinary Shares and the Offer Shares to CREST accounts	8.00 a.m. on 12 February
Latest date for dispatch of share certificates in respect of the Placing Shares, the Subscription Shares and the Offer Shares	by 23 February

The dates set out in the Expected Timetable of Principal Events above and mentioned throughout this circular may be adjusted by Deltex in which event details of the new dates will be notified to AIM and, where appropriate, to Shareholders.

All references to time are to the time in London, England.

DEFINITIONS

“2006 Act”	the UK Companies Act 2006
“Admission”	the admission to trading on AIM of the New Ordinary Shares and the Offer Shares, which is expected to take place on 12 February 2018
“AIM Rules for Companies”	the AIM Rules for Companies published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the AIM Rules for the Nominated Advisers to AIM companies published by the London Stock Exchange from time to time
“Applicant”	a Qualifying Participant who lodges an Application Form under the Offer
“Application Form”	the application form for use by Qualifying Participants to apply for Offer Shares pursuant to the Offer
“Arden”	Arden Partners plc, the Company’s nominated adviser and joint broker for the purposes of the Capital Raising
“Capital Raising”	the Placing, the Subscription and the Offer all taken together
“Company” or “Deltex”	Deltex Medical Group Plc
“Convertible Loan Note Arrangements”	the proposed amendments to the loan note instruments being the deferral of the redemption date of 26 February 2019 by two years to 26 February 2021 and the reduction of the conversion price from 6p per share to 4p per share, conditional on admission of the New Ordinary Shares to trading on AIM
“CREST”	the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK and Ireland in accordance with the CREST Regulations
“CREST member”	a person who has been admitted by Euroclear UK and Ireland as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
“CREST payment”	shall have the meaning given in the CREST Manual issued by Euroclear UK and Ireland
“CREST Regulations”	the Uncertificated Securities Regulations 2001, as amended
“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 (which includes all CREST Personal Members)
“Directors” or “Board”	the directors of the Company or any duly authorised committee thereof
“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following Admission
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, the operator of CREST

“Existing Issued Share Capital”	the 313,213,367 Ordinary Shares with voting rights in issue at the date of this circular
“Existing Ordinary Shares”	the Ordinary Shares in issue at the date of this circular
“FCA”	the Financial Conduct Authority of the United Kingdom
“Financial Promotion Order”	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
“Form of Proxy”	the form of proxy accompanying this circular
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of the Company to be convened for 10.00 a.m. on 9 February 2018 in order to consider, and if thought fit, pass the Resolution
“Group”	the Company, together with its subsidiary undertakings
“HMRC”	HM Revenue & Customs
“Independent Directors”	Ewan Phillips, Jonathan Shaw, Mark Wippell, Julian Cazalet Christopher Jones and Professor Sir Duncan Nichol
“ISIN”	International Securities Identification Number
“Issue Price”	1.25 pence per share
“Joint Brokers”	Arden and TPI
“Link” or “Link Market Services”	a trading name of Link Market Services Limited
“Loan Notes”	the £1.125 million of convertible loan notes due 2019 issued on 26 February 2016
“Loan Note Instrument”	the instrument, dated 26 February 2016, constituting the Loan Notes
“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 Regulations 2007 (as amended)
“New Ordinary Shares”	the Placing Shares and the Subscription Shares totalling in aggregate 140,000,000 new Ordinary Shares
“Notice of General Meeting”	the notice of General Meeting set out at the end of this circular
“Offer”	the conditional invitation to Qualifying Participants to apply for the Offer Shares at the Issue Price on the terms and conditions set out in this document and the Application Form
“Offer Maximum”	the aggregate maximum subscription under the Offer for up to 28,000,000 new Ordinary Shares at the Issue Price to raise up to £350,000
“Offer Shares”	up to 28,000,000 new Ordinary Shares conditionally offered to Qualifying Participants pursuant to the Offer
“Official List”	the daily official list maintained by the FCA

“Ordinary Shares”	the ordinary shares of one penny (£0.01) each in the capital of the company
“Overseas Shareholder”	holders of Existing Ordinary Shares who are neither resident in, nor have a registered address in, the UK
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Placees”	the persons who have conditionally agreed to subscribe for the Placing Shares
“Placing”	the placing of the Placing Shares at the Issue Price by Arden and TPI, as described in this circular
“Placing Agreement”	the conditional agreement dated 22 January 2018 between the Company, Arden and TPI relating to the Placing
“Placing Shares”	the 85,160,000 new Ordinary Shares which have conditionally been placed firm with institutional and other investors by Arden and TPI pursuant to the Placing
“Prospectus Rules”	the rules made by the FCA under Part VI of FSMA in relation to the offer of transferable securities to the public and admission of transferable securities to trading on a regulated market
“Qualifying Participants”	subject to any restrictions imposed on Overseas Shareholders, holders of Existing Ordinary Shares whose names appear on the register of members of the Company on the Record Date as holders of Existing Ordinary Shares and who are eligible to be offered Offer Shares under the Offer in accordance with the terms and conditions set out in this document and the Application Form and for the avoidance of doubt the Offer is not being made to persons in Restricted Jurisdictions
“Receiving Agents”	Link Asset Services a trading name of Link Market Services Limited
“Record Date”	22 January 2018
“Registrars”	Link Market Services Limited
“Resolution”	the special resolution to be put to Shareholders at the General Meeting
“Restricted Jurisdiction”	each and any of the United States of America, Australia, Canada, Japan, New Zealand, Russia, and the Republic of South Africa and any other jurisdiction where the Offer of Ordinary Shares would breach any applicable law or regulations
“SEC”	the US Securities Exchange Commission
“Securities Act”	the United States Securities Act of 1993 (as amended)
“Shareholder”	holder of Ordinary Shares
“sterling”, “pounds sterling”, “£”, “Penny”, “pence” or “p”	the lawful currency of the United Kingdom
“Stock account”	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited

“Subscription”	the issue of the Subscription Shares at the Issue Price by the Company
“Subscription Shares”	the 54,840,000 new Ordinary Shares to be issued by the Company pursuant to the Subscription
“TPI”	Turner Pope Investments (TPI) Ltd
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“uncertificated” or “in uncertificated form”	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US Person”	has the meaning set out in Regulation S promulgated under the Securities Act

PART I

LETTER FROM THE CHAIRMAN

DELTEX MEDICAL GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3902895)

Nigel Keen (*Non-executive Chairman*)
Ewan Phillips (*Chief Executive*)
Jonathan Shaw (*Group Finance Director*)
Prof. Sir Duncan Nichol (*Non-executive Director*)
Julian Cazalet (*Non-executive Director*)
Mark Wippell (*Non-executive Director*)
Christopher Jones (*Non-executive Director*)

Terminus Road
Chichester
West Sussex
PO19 8TX

24 January 2018

Dear Shareholder,

Placing, Subscription, Offer and Notice of General Meeting

1. Introduction

On 23 January 2018, your Board announced that it had raised £1.75 million (before expenses) by way of a placing of 85,160,000 Placing Shares and the issue of 54,840,000 Subscription Shares at 1.25 pence per share with institutional and other investors.

The Board considers it important to allow existing Shareholders the opportunity to participate in the Capital Raising on the same terms as investors who are participating in the Placing and the Subscription. To that end, the Board is providing Qualifying Participants with the opportunity to subscribe for Offer Shares under the Offer. In connection with the Offer the Company will allot (conditional on Admission) up to 28,000,000 Offer Shares to raise £350,000 at 1.25 pence per share and will make an announcement in due course once the total number of Offer Shares subscribed for is known.

As the allotment and issue of the Placing Shares, the Subscription Shares and the Offer Shares will exceed the Company's existing authorities to allot shares for cash on a non pre-emptive basis, the General Meeting is being called to seek Shareholders' approval to grant authority to enable the Directors, *inter alia*, to complete the Capital Raising.

The New Ordinary Shares to be issued pursuant to the Placing and the Subscription and the Offer Shares are to be admitted to trading on AIM, which is expected to take place at 8.00 a.m. on 12 February 2018.

The Placing, the Subscription and the Offer are each conditional upon, *inter alia*, the approval by Shareholders of the Resolution which will be sought at the General Meeting to be held at 10.00 a.m. on 9 February 2018. If Shareholder approval of the Resolution is not given at the General Meeting, the Capital Raising as currently proposed will not proceed.

The purpose of this letter is to explain to Shareholders the background to, and reasons for, the Capital Raising including the Placing, the Subscription and the Offer. To enable the Company to implement the Placing, the Subscription and the Offer, the Company is seeking the approval by Shareholders of the Resolution which is to be put to the General Meeting of the Company to be held at the offices of DAC Beachcroft LLP at 100 Fetter Lane, London, EC4A 1BN at 10.00 a.m. on 9 February 2018. The Notice convening the General Meeting is set out at the end of this circular and a Form of Proxy is also enclosed for you to complete.

2. Details of the Capital Raising

2.1 *Details of the Placing*

Arden and TPI have jointly raised £1,064,500 (before expenses) for the Company by way of a conditional placing of 85,160,00 Placing Shares at 1.25 pence per Placing Share with institutional and other shareholders.

The Placing is conditional upon, *inter alia*, approval by Shareholders at the General Meeting of the Resolution, the completion of the Subscription and Admission. It is expected that the Placing Shares will be admitted to trading at the same time as the Subscription Shares and the Offer Shares, that is, at 8.00 a.m. on 12 February 2018.

Further details of the Placing Agreement can be found in paragraph 15 below.

2.2 *Principal terms of the Subscription*

The Company is also proposing to raise £685,500 (before expenses) pursuant to the Subscription by the issue of 54,840,000 Subscription Shares at the Issue Price. In connection with the Subscription, certain new and existing Shareholders of the Company, including interests associated with Nigel Keen, Non-executive Chairman of the Company, have indicated their intention to subscribe for new Ordinary Shares at the Issue Price.

Completion of the Subscription is conditional upon the passing of the Resolution. It is expected that the Subscription Shares will be admitted to trading on AIM at the same time as the Placing Shares and the Offer Shares, that is, at 8.00 a.m. on 12 February 2018.

2.3 *Details of the Offer*

The Board considers it important that Qualifying Participants have an opportunity to participate in the Capital Raising on the same terms as those investors participating in the Placing and the Subscription.

Subject to certain conditions, the Company invites Qualifying Participants to subscribe for, in aggregate, up to 28,000,000 Offer Shares. In the event that applications are received in excess of the Offer Maximum, applications will generally be scaled back pro-rata. However, the Directors reserve the right to exercise their absolute discretion (with the agreement of the Joint Brokers) in the allocation of successful applications, including, without limitation, to ensure no Offer Shares are issued so as to exceed the Offer Maximum.

For further information on the Offer, your attention is drawn to Part II of this document and the Application Form. In order to apply for Offer Shares, Qualifying Participants should complete the Application Form in accordance with the instructions set out in Parts II and V of this document and on the Application Form itself and return the Application Form together with a cheque or bankers draft, by post, or by hand (during normal business hours only) to Link Market Services Limited, at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, using the enclosed business reply envelope, in each case, with payment in full, so as to be received by not later than 12.00 noon on 7 February 2018.

The Issue Price of 1.25 pence represents a discount of approximately 19.4 per cent. to the closing mid-market price of 1.55 pence per share on 22 January 2018, the latest practicable date prior to the date of the Capital Raising announcement made on 23 January 2018. The Capital Raising is not underwritten by the Joint Brokers or by any other person.

2.4 *Conditions and other information relating to the Capital Raising*

The Placing and the Offer are conditional, *inter alia*, upon:

- (a) the passing of the Resolution (without amendment);
- (b) the Placing Agreement becoming unconditional in all respects (save for Admission occurring) and not having been terminated in accordance with its terms; and

- (c) Admission becoming effective by no later than 8.00 a.m. on 12 February 2018 (or such later time and/or date as the Company and Arden and TPI may agree (being not later than 23 February 2018)).

The Subscription is conditional on the passing of the Resolution.

Accordingly, if such conditions are not satisfied, or, if applicable, waived, the respective part or parts of the Capital Raising will not proceed.

A summary of the principal terms of the Placing Agreement is set out in paragraph 15 below.

The Capital Raising will result in the issue of 168,000,000 new Ordinary Shares (representing, in aggregate, approximately 35 per cent. of the Enlarged Share Capital). The new Ordinary Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the new Ordinary Shares. No temporary documents of title will be issued.

2.5 **Convertible Loan Note Arrangements**

The holders of the Loan Notes (with the exception of a holder of £25,000 nominal amount) have conditionally agreed (subject, *inter alia*, to Admission) to defer the redemption date of 26 February 2019 by two years to 26 February 2021. As a result, the Company has agreed, subject to the same conditions, to reduce the conversion price from 6p to 4p to reflect the dilutive effect of the Capital Raising. The impact of the Convertible Loan Note Arrangements is that the maximum number of Ordinary Shares to be issued under the Loan Notes will increase from 18.75 million to 27.50 million. The £25,000 nominal amount holding referred to above will be redeemed with the consent of the other holders.

The holders of the Loan notes include interests associated with Nigel Keen, Non-executive Chairman of the Company, and, as this is treated as a related party transaction, this is reported on by the Independent Directors under “Related Party Transactions” below.

3. **EIS Status**

The Directors believe that HMRC would be able to authorise the Company to issue compliance certificates under section 204(1) of the Income Tax Act 2007 in respect of New Ordinary Shares and the Offer Shares issued to individuals, following receipt from the Company of a properly completed compliance statement (Form EIS1) within the prescribed time limit stipulated in section 205(4) of the Income Tax Act 2007.

The continuing status of the New Ordinary Shares and the Offer Shares as qualifying for EIS purposes will be conditional upon the qualifying conditions being and remaining satisfied throughout the relevant period of ownership.

There can be no guarantee that any investment in the Company will remain a qualifying investment for EIS purposes. EIS eligibility is also dependent on a shareholder’s own position and not just that of the Company. Accordingly, investors should take their own tax advice in this regard from a duly-qualified professional adviser. None of the Company, Arden, TPI or the Registrars is able to give any Shareholder or any other person any advice in relation to their tax position.

Any Shareholder who subscribes for Offer Shares and who wishes to seek relief under EIS should contact the Group Finance Director, Jonathan Shaw, at jonathan.shaw@deltexmedical.com to request the issue of an EIS3 certificate in respect of such Offer Shares.

4. **Use of proceeds**

The Company will use the £2,100,000 (before expenses) raised under the Placing, the Subscription and the Offer to strengthen its balance sheet and for general working capital purposes.

5. Working capital

The Directors believe that upon completion of the Capital Raising, the variation of the Loan Notes disclosed above and receipt of the proceeds of the Placing and the Subscription, the Company will have sufficient working capital to finance its operations for the next 12 months.

As the Placing, the Subscription and the Offer are conditional, *inter alia*, upon the passing by Shareholders of the Resolution at the General Meeting, Shareholders should be aware that, if the Resolution is not passed and Admission does not take place neither the proceeds of the Placing nor of the Subscription nor of the Offer will be received by the Company. In such circumstances, the Company would need urgently to pursue additional or alternative funding sources, including by way of equity or debt which, if they are available, may be expensive and/or onerous for the Company.

6. Current trading

On 5 January 2018, the Company released the following trade update announcement:

“Deltex Medical Group plc (AIM: DEMG), the global leader in Oesophageal Doppler Monitoring (“ODM”), today announces an update on trading for the year ended 31 December 2017.

Highlights

- Overall revenues of £5.9m (2016 £6.3m)
 - US revenues of £2.0m, ahead by £0.1m
 - International sales of £1.9m, down by £0.1m
 - UK revenues of £1.9m, down £0.4m
- US revenues ahead by 5%
 - Over £0.2m of expected additional revenue from major account wins in H2 2017 delayed due to extended procurement processes
 - Signs of pipeline blockages easing in Q4 2017. First revenues generated from three new potentially large accounts
- International revenues down by 5%
 - Probe growth on plan across key focus markets of France, Scandinavia, Peru and Korea
 - Low margin monitor sales behind plan by £0.2m due to scheduled hospital tenders being delayed into 2018 and distributor destocking
- UK revenues reduced by 18%
 - December sales were down with c.£0.3m of bulk orders not repeated from 2016
 - Promising clinical response to release of HD-ICG module offset by well documented NHS funding issues
- Cash consumption over the year reduced by c.£1m to £1.3m (£0.8m H1, £0.5m H2)
 - C. £0.4m savings in year from manufacturing efficiencies leading to improved margin
 - Cash overheads reduced by c.£0.5m in 2017 with a further £0.5m of reductions already in place for 2018 and further annualised savings of £0.5m planned for H1 2018
- Loss for 2017 expected to be higher than market expectations with some of the impact of lost revenue partially offset by improved margin and reduced overheads

- Cash at 31 December of £0.2m (2016: £0.6m). Discussions on the future funding of the Group are in progress and the Company expects to be able to make a further announcement in the near future

Nigel Keen, Deltex Medical’s Chairman, commented:

“Procurement process headwinds held sales back to disappointing levels in 2017. However, Deltex enters 2018 positioned to benefit from momentum in the USA and other focus export markets. The UK continues to be a difficult market due to NHS funding constraints.

“We have substantially reduced our rate of operating cash consumption in order to meet our key goal of getting past the operating cash breakeven point. In the final quarter of 2017 we put in place a number of changes to our cost base with effect from the start of 2018 and, in view of the actual level of 2017 sales, we are reducing our costs further to match our operating cash costs with current levels of sales. These actions should allow us to fund future organic growth out of operating cash flows.

“We have completed a large part of the investment necessary to move the Company from a single technology to a multiple technology business and are moving our marketing focus forward accordingly. We expect to see the impact on sales growth of these developments starting to come through during 2018 to supplement our established position in major export markets as a significant provider of haemodynamic monitoring solutions.”

7. Strategy

The Company will continue to focus on its key markets and expand the U.S. sales pipeline in line with its existing strategy. Costs have been reduced and, as indicated, the program for a further £0.5 million of costs reduction has commenced, in addition to the £0.5 million cost savings already in place from 1 January 2018.

8. Future Prospects

The Directors expect that the additional funds, applied as set out above under “Use of Proceeds”, should help the Company to get past the operating cash break-even point so that it would be able to finance future expansion from cash generated from trading.

The Company plans to become operating cash positive through a combination of cost reductions and revenue growth. With respect to cost reductions, the Company reduced its cash consumption in 2017 by £1m from £2.3m in 2016 to £1.3m; this reduction was after c. £0.4m of margin improvements and c. £0.5m of overhead reductions. Towards the end of 2017 the Company put in place additional overhead reductions to reduce 2018 cash costs by a further £0.5m. Since the year end the Company has started to implement a third set of cost reductions aimed at reducing annualised overheads by an additional £0.5m.

The Company is focused on a number of export markets where the Company has established a base of recurring revenues from sales of ODM probes and where the Directors believe there are opportunities for further growth. The five largest such markets of the USA, France, South Korea, Peru and Scandinavia together accounted for over 80% of 2017 export sales. In the USA the Company has established a critical mass of over 30 potentially major accounts including several nationally and internationally recognised hospitals. It expects to continue to increase its US revenues by supporting the wider adoption of ODM in these accounts, adding new accounts and introducing its multi-modal TrueVue system as its new elements gain US regulatory approval.

The Group’s progress has been hampered by significant declines in UK revenues since early 2014 when the NHS made material changes to its approach to implementation of its 2011 policy to roll out ODM at pace and scale. UK ODM sales have declined from £4.3m in 2013 to £1.5m in 2017. This decline has been exacerbated by severe NHS financial challenges which have adversely impacted the medical technology procurement landscape. The Company has been working on a number of strategies to reverse the trends in the UK and return the ODM business to growth. The Company is moving its product offer from the single ODM technology to the multi-modal TrueVue system and is now offering each of the three leading modern advanced haemodynamic monitoring technologies on a single platform: ODM, Pulse Pressure Waveform Analysis and Impedance Cardiography allowing doctors to choose the technology they deem most

appropriate for their patient both for monitoring and to guide interventions. The TrueVue system allows the Company to reposition ODM as a higher skilled, higher precision, higher value technology for intervention while offering monitoring solutions throughout the hospital. The Company's view on the superiority of ODM at guiding fluid and drug administration in patients identified at increased risk of periods of harmful haemodynamic compromise is expected to be further supported by new clinical studies including the publication in a peer reviewed journal of the largest ever trial of ODM. These initiatives are expected to drive ongoing and additional growth in export markets as they are rolled out there in due course.

9. Directors' Participation in the Subscription and Proposed Participation in the Offer

Interests associated with Nigel Keen, Non-executive Chairman, have agreed to subscribe for a total of £180,000 in the Subscription, representing in aggregate 14,400,000 new Ordinary Shares.

Four other Directors intend to participate in the Offer. Further details of the participation by the Directors will be set out in the result of the offer announcement, expected on or around 9 February 2018.

10. Related Party Transactions

10.1 *Placing and or Subscription*

Interests associated with Nigel Keen, Non-executive Chairman of the Company, have agreed to subscribe for a total of £180,000 in the Subscription, representing 14,400,000 Subscription Shares.

The participation by interests associated with Nigel Keen in the Subscription constitutes a related party transaction for the purposes of the AIM Rules. The Directors other than Nigel Keen, having consulted with the Company's nominated adviser, Arden Partners, consider that the terms of the transaction is fair and reasonable insofar as shareholders are concerned.

10.2 *Variation in the Terms of the Loan note*

The extension to the redemption date of the Loan Notes and the alteration of the conversion price from 6 pence per share to 4 pence per share in respect of interests associated with Nigel Keen constitutes a related party transaction for the purposes of the AIM Rules. The Directors, other than Nigel Keen, having consulted with the Company's nominated adviser, Arden Partners, consider that the terms of this related party transaction are fair and reasonable insofar as shareholders are concerned.

11. Application for Listing

Application will be made to the London Stock Exchange for the New Ordinary Shares and the Offer Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings for normal settlement in the New Ordinary Shares and Offer Shares on AIM will commence at 8.00 a.m. on 12 February 2018.

12. General Meeting

A notice convening a General Meeting of the Company, to be held at the offices of DAC Beachcroft LLP at 100 Fetter lane, London, EC4A 1BN at 10.00 a.m. on 9 February 2018 is set out at the end of this circular. At the General Meeting a special resolution will be proposed which will enable the Capital Raising to proceed and enable additional Ordinary Shares to be issued in connection with the Convertible Loan Note Arrangements which will:

(a)

- (i.) grant authority to the Directors pursuant to section 551 of the 2006 Act to allot Ordinary Shares or to grant rights to subscribe for or convert any security into Ordinary Shares (the "**Section 551 Authority**"), up to an aggregate nominal amount of £1,680,000 (being 168,000,000 Ordinary Shares) (the "**Authorised Amount**"); and
- (ii.) disapply the statutory rights of pre-emption contained in section 561(1) of the 2006 Act (the "**Section 561(1) Disapplication**") upon exercise of the Section 551 Authority in respect of the

allotment for cash of Ordinary Shares with an aggregate nominal amount up to the Authorised Amount.

provided that the Section 551 Authority and the Section 561(1) Disapplication shall only be used for the purposes of the allotment and issue of Ordinary Shares pursuant to the Placing, the Subscription and the Offer; and

(b)

- (i.) grant authority to the Directors pursuant to section 551 of the 2006 Act to allot Ordinary Shares or to grant rights to subscribe for or convert any security into, Ordinary Shares (the “**Loan Note Section 551 Authority**”) up to an aggregate nominal amount of £87,500 (being 8,750,000 Ordinary Shares) (the “**Loan Note Authorised Amount**”); and
- (ii.) disapply the statutory rights of pre-emption contained in section 561(1) of the 2006 Act (the “**Loan Note Section 561(1) Disapplication**”) upon exercise of the Section 551 Authority in respect of the allotment for cash of Ordinary Shares with an aggregate nominal amount up to the Loan Note Authorised Amount,

provided that the Loan Note Section 551 Authority and the Loan Note Section 561(1) Disapplication shall only be used for the purposes of the allotment and issue of Ordinary Shares in connection with the amendments made to the Loan Notes as described in paragraph 2.5 above.

13. Action to be taken by Shareholders

Shareholders will find accompanying this circular a Form of Proxy for use at the General Meeting. Whether or not Shareholders intend to be present at the General Meeting, they are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it to Link Market Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and, in any event, so as to arrive no later than 10.00 a.m. on 7 February 2018. Completion and return of the Form of Proxy will not affect Shareholders’ right to attend and vote in person at the General Meeting if they so wish. Further information regarding the appointment of proxies can be found in the notes to the Notice of General Meeting.

In the case of non-registered Shareholders who receive these materials through their broker or other intermediary, the Shareholder should complete and send a letter of direction in accordance with the instructions provided by their broker or other intermediary.

In order for the Capital Raising to proceed, Shareholders will need to approve the Resolution set out in the Notice of General Meeting. If the Resolution is not passed, the Capital Raising will not proceed in the form currently envisaged, with the result that the anticipated net proceeds of the Capital Raising will not become available to fund proposed upcoming expenditure and achieve the objectives set by the Board and the Company’s business plans and growth prospects may be materially adversely affected as a result.

Accordingly it is important that Shareholders vote in favour of the Resolution, in order that the Capital Raising can proceed.

Qualifying Participants wishing to participate in the Offer should carefully read the Application Form and accompanying instructions, set out in Part V of this circular, and send their completed Application Form along with the appropriate remittance to Link Market Services Limited at the address specified in the instructions as soon as possible and in any event not later than 12.00 noon on 7 February 2017.

14. Overseas Shareholders

Information for Overseas Shareholders who have registered addresses outside the United Kingdom or who are citizens or residents of countries other than the United Kingdom appears in paragraph f of Part IV of this circular, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you pay particular attention to that paragraph of this circular.

15. Placing Agreement

Pursuant to the Placing the Company has conditionally raised £1,064,500 (before expenses) through a bookbuild process involving the proposed issue to certain existing and new institutional and other investors of 85,160,000 Placing Shares at the Issue Price of 1.25 pence per share. The Placing is not underwritten by Arden or TPI or by any other person.

The Company entered into the Placing Agreement with Arden and TPI on 22 January 2018. Under the Placing Agreement, the Company has conditionally agreed to pay Arden a corporate finance and documentation fee of £37,500 and pay commissions to Arden and TPI in respect of the Placing based on 85,160,000 Placing Shares at a price of 1.25 pence per share.

The Placing is conditional, among other things, on the following:

- the passing of the Resolution at the General Meeting;
- the Placing Agreement not being terminated prior to Admission and otherwise becoming unconditional in all respects (save for Admission); and
- Admission of the Placing Shares becoming effective on or before 8.00 a.m. on 12 February 2018 (or such later date and/or time as the Company and Arden and TPI may agree, being no later than 22 February 2018).

The Placing Agreement contains certain warranties and an indemnity from the Company in favour of each of Arden and TPI. Arden and TPI are entitled, in certain circumstances, to terminate the Placing Agreement prior to Admission including in force majeure circumstances or for breach of the warranties given by the Company in the Placing Agreement.

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

16. Responsibility

The Company and the Directors accept responsibility for the information contained in this circular. To the best of the knowledge and belief of the Company and the Directors (which has and who have taken all reasonable care to ensure that such is the case) the information contained in this circular for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

17. Directors' Recommendation

The Directors consider the Capital Raising and the Convertible Loan Note Arrangements to be in the best interests of the Company and its Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the Resolution to be proposed at the General Meeting.

Each of the Directors, who is entitled to vote, has confirmed their intention to vote in favour of the Resolution proposed at the General Meeting in respect of their holdings which in aggregate total 41,291,630 Existing Ordinary Shares, representing approximately 13.2 per cent. of the Existing Issued Share Capital.

Yours faithfully

Nigel Keen

Non-Executive Chairman

PART II

FURTHER DETAILS OF THE OFFER

1. The Offer

The Offer comprises a conditional offer to Qualifying Participants of up to 28,000,000 Offer Shares with the aggregate consideration to be received by the Company limited to £350,000, the Offer Maximum. Qualifying Participants can apply for as many Offer Shares as they wish. In the event that applications are received in excess of the Offer Maximum, applications will generally be scaled back pro-rata. However, the Directors reserve the right to exercise their absolute discretion (with the agreement of the Joint Brokers) in the allocation of successful applications, including, without limitation, to ensure no Offer Shares are issued so as to exceed the Offer Maximum.

The Offer is only open to Qualifying Participants and, save as set out in the preceding paragraph, there is no maximum or minimum subscription per Applicant. No Qualifying Participant may subscribe for Offer Shares in excess of the Offer Maximum. Multiple applications may be submitted. Qualifying Participants who are joint Shareholders may only apply for Offer Shares as joint Applicants.

The Offer is conditional on, *inter alia*, admission of the Offer Shares occurring on at 8.00 a.m. 12 February 2018 (or such later date, being not later than 22 February 2018, as the Company and the Joint Brokers may agree may decide). If admission of the Offer Shares has not occurred by such time and date, applications are expected to be returned without interest by crossed cheque in favour of the Applicant(s) (at the Applicant's risk) through the post as soon as practicable. Any interest earned on the application monies will be retained for the benefit of the Company. The Offer will close at 12.00 noon on 7 February 2018 unless previously closed or extended. The Offer is not being underwritten. The Application Form and accompanying procedure for application sets out, in detail, how Qualifying Participants may participate under the Offer.

Applications must be made on the terms and conditions set out in Part IV of this document and in the Application Form and by duly completing and returning the Application Form and appropriate remittance.

The Offer Shares will be allotted and issued fully paid and will, on issue, rank part passu with the Existing Ordinary Shares, including the right to receive, in full, all dividends and other distributions thereafter declared, made or paid after the date of issue together with all rights attaching to them and free from all liens, charges and encumbrances of any kind. Application will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM. Admission of the Offer Shares to trading on AIM is expected to occur at 8.00 a.m. on 12 February 2018 with share certificates to be issued by 23 February 2018 or CREST accounts to be credited by 12 February 2018.

The limited size of the Capital Raising means that the Capital Raising is not required to be effected by means of a prospectus under FSMA. Accordingly, this document does not constitute a Prospectus.

Furthermore, this document is exempt from the general restriction contained in section 21 of FSMA relating to the communication of invitations or inducements to engage in investment activity on the grounds that it is being made available by the Company only to Qualifying Participants. Accordingly, the Offer is only capable of being accepted by Qualifying Participants. As this document relies on the exemption set out in paragraph 43 of the Financial Promotion Order (nonreal time communications by or on behalf of a body corporate to members of that body corporate) and paragraph 60 of the Financial Promotion Order (participation in employee share schemes), it has not been drawn up in accordance with the FCA's Handbook or its Conduct of Business Sourcebook.

PART III

RISK FACTORS

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

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

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

Risks relating to the Group's activities and the Healthcare industry

The Company's strategy has been and continues to be the establishment of guided fluid management using the CardioQ-ODM as a standard of care in the UK, USA and other major markets for medical technology, both through direct sales and marketing and, where appropriate, distribution partnerships. A faster or slower than expected change in the adoption of the Company's products could expose the Company to supply chain and production capacity risks. In addition, supply chain disruptions such as delays or losses of inventory also present a potential risk to the Company's ability to progress its strategic aims and adversely affect the Company's working capital requirements. Government policy changes and spending plans will also continue to impact the Company.

Risks relating to the Placing and the Offer

Conditional nature of the Capital Raising and Capital Raising not underwritten

The Capital Raising is conditional and there is no guarantee that the conditions of any element of the Capital Raising will be satisfied. The Capital Raising is not underwritten. If any element of the Capital Raising does not proceed then the Company will not receive the proceeds in respect of that element of the Capital Raising.

Investment in AIM securities

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

AIM Rules

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

Dilution of ownership of Ordinary Shares

Shareholders' proportionate ownership and voting interest in the Company may be reduced pursuant to the Capital Raising. Subject to certain exceptions, Shareholders in the United States of America and other Restricted Jurisdictions will not be able to participate in the Offer.

Volatility of share price

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

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

- variations in operating results;
- actual or anticipated changes in the estimates of operating results or changes in stock market analyst recommendations regarding the Ordinary Shares, other comparable companies or the industry generally;
- macro-economic conditions in the countries in which the Group may do business;
- foreign currency exchange fluctuations and the denominations in which the Group may conduct business and holds cash reserves;
- market conditions in the industry, the industries of customers and the economy as a whole;
- actual or expected changes in the Group's growth rates or competitors' growth rates;
- changes in the market valuation of similar companies;
- trading volume of the Ordinary Shares;
- sales of the Ordinary Shares by the Directors or other Shareholders; and
- adoption or modification of regulations, policies, procedures or programs applicable to the Group's business.

In addition, if the stock market in general experiences loss of investor confidence, the trading price of the Ordinary Shares could decline for reasons unrelated to the Group's business, financial condition or operating results. The trading price of the Ordinary Shares might also decline in reaction to events that affect other companies in the industry, even if such events do not directly affect the Group. Each of these factors, among others, could harm the value of the Ordinary Shares.

Future capital raisings may not be successful

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

Future payment of dividends

There can be no assurance as to the level of future dividends (if any). The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and the Shareholders and will depend upon, *inter alia*, the Company's earnings, financial position, cash requirements and availability of profits as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time.

Valuation of shares

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

Market perception

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

Suitability

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

EIS Tax Status Risk

The Directors believe that HMRC would be able to authorise the Company to issue compliance certificates under section 204(1) of the Income Tax Act 2007 in respect of New Ordinary Shares and the Offer Shares issued to individuals, following receipt from the Company of a properly completed compliance statement (Form EIS1) within the prescribed time limit stipulated in section 205(4) of the Income Tax Act 2007.

The continuing status of the New Ordinary Shares and the Offer Shares as qualifying for EIS purposes will be conditional upon the qualifying conditions being and remaining satisfied throughout the relevant period of ownership.

There can be no guarantee that any investment in the Company will remain a qualifying investment for EIS purposes. EIS eligibility is also dependent on a shareholder's own position and not just that of the Company. Accordingly, investors should take their own tax advice in this regard from a duly-qualified professional adviser. None of the Company, Arden, TPI or the Registrars is able to give any Shareholder or any other person any advice in relation to their tax position.

Brexit

On 29 March 2019, the United Kingdom (UK) is expected to leave the European Union (EU). However, as negotiations between the UK and the EU are at a very early stage it is unclear what the effect may be on the Company in several areas. However, the main matter of concern is the potential for change, if any, that may be made to medical device regulations that may require the Company to act to ensure that its products can continue to be sold to EU member states after 29 March 2019. Dealing with any such changes may be both onerous and expensive for the Company. The Company will monitor developments with the Brexit negotiations and will take the necessary steps to deal with the matters that may arise.

PART IV

TERMS AND CONDITIONS OF THE OFFER

- (a) The contract created by the acceptance by the Company (at the absolute discretion of the Directors with the agreement of the Joint Brokers) of applications from Qualifying Participants under the Offer is conditional upon, *inter alia*, admission of the Offer Shares occurring on 12 February 2018 (or such later date, being not later than 22 February 2018, as the Company and the Joint Brokers may decide).
- (b) The right is reserved by the Company to present all cheques and bankers' drafts for payment on receipt (on which no interest will be payable) to the Applicant and to retain surplus application monies pending clearance of successful Applicants' cheques. The Company also reserves the right to reject, in whole or in part, any application. If any application is not accepted in full, or if any contract created by acceptance does not become unconditional, the application monies or as the case may be the balance thereof, will be returned by crossed cheque in favour of the Applicant, through the post at the sole risk of the person entitled thereto (on which no interest will be payable), within 14 days of the closing of the Offer.
- (c) By completing and delivering an Application Form each Qualifying Participant who applies for Offer Shares:
 - I. offers to subscribe for the amount of Offer Shares specified in such Applicant's Application Form (or such lesser amount for which such Applicant's application is accepted) on the terms of, and subject to, this document, including (without limitation) these terms and conditions, the Articles and the terms and conditions set out in the Application Form;
 - II. represents and agrees that such Applicant's application shall not be revoked and this paragraph shall constitute a collateral contract between such Applicant and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agent of such Applicant's Application Form;
 - III. represents and warrants that such Applicant's remittance will be honoured on first presentation and agrees that, if it is not so honoured, such Applicant will not be entitled to receive the Offer Shares applied for unless and until such Applicant makes payment in cleared funds for such Offer Shares and such payment is accepted by the Company in its absolute discretion with the agreement of the Joint Brokers (which acceptance will be on the basis that such Applicant indemnifies the Company and the Joint Brokers against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of such Applicant's remittance to be honoured on first presentation) and such Applicant agrees that, at any time prior to the unconditional acceptance(s) by the Company, the Company may (without prejudice to any other rights(s)) avoid the agreement to issue such Offer Shares and may issue such Offer Shares to some other person, in which case such Applicant will not be entitled to any payment in respect of such Offer Shares;
 - IV. agrees that, in respect of those Offer Shares for which such Applicant's application has been received and is not rejected, acceptance of such Applicant's application shall be constituted, at the election of the Company, by notification of acceptance thereof to the Receiving Agent;
 - V. agrees that Offer Shares will be credited to CREST accounts or issued in certificated form only when the cheque has been cleared for payment;
 - VI. agrees that any monies returnable to such Applicant may be retained by the Receiving Agent pending clearance of such Applicant's remittance and the completion of any verification of identity required by the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2018 and/or any amendment, modification, and/or re-enactment of the same (the "Regulations") and that such monies will not bear interest;

- VII. authorises the Receiving Agent to send a share certificate in respect of the number of Offer Shares for which such Applicant's application is accepted and/or to send a crossed cheque for any monies returnable, by post, at the sole risk of the person entitled thereto, to the address of the person named as the Applicant in the Application Form;
- VIII. represents and warrants that, if such Applicant signs an Application Form on behalf of somebody else, such Applicant has due authority to do so on behalf of that other person and such person will also be bound accordingly and will be deemed also to have given the confirmations, representations, warranties and undertakings contained herein and such Applicant further undertakes to enclose such Applicant's power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
- IX. agrees that all applications, acceptances of applications and contracts resulting there from under the Offer shall be governed by and construed in accordance with English law, and that such Applicant submits to the jurisdiction of the English Courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- X. confirms that, in making such application, such Applicant is not relying on any information, representation and/or warranty in relation to the Company other than the information contained in this document and, accordingly, such Applicant agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any such other information, representation and/or warranty;
- XI. agrees that, having had the opportunity to read this document, such Applicant shall be deemed to have had notice of all information concerning the Company contained herein including, without limitation, the Risk Factors set out in Part III of this document;
- XII. in the case of any Qualifying Participant who is a joint Shareholder, agrees that such joint Shareholder Applicants may only apply for Offer Shares as joint Applicants;
- XIII. confirms, represents and warrants that such Applicant has read and complied with paragraph (f) below;
- XIV. represents and warrants that such Applicant is not a person who, by virtue of being resident in, or a citizen of, any country outside the United Kingdom, is prevented by the law of any relevant jurisdiction from lawfully applying for Offer Shares;
- XV. represents and warrants that such Applicant is a Qualifying Participant;
- XVI. confirms, represents and warrants that such Applicant has read the restrictions contained in paragraph (g) below and represents and warrants as provided therein;
- XVII. represents and warrants that such Applicant is not under the age of 18;
- XVIII. represents and warrants that such Applicant is a person of the kind described in Article 43 or Article 60 of the Financial Promotion Order, being a Shareholder or employee of the Group at the Record Date; and
- XIX. agrees that all documents and cheques sent by post, by or on behalf of the Company or the Receiving Agent, will be sent at the risk of the person(s) entitled thereto.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "**Link Market Services Limited re Deltex Medical Group plc – OFS a/c**" and crossed "**A/C Payee Only**". Cheques should be drawn on the personal account to which the Applicant has sole or joint title to such funds. 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 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 will not 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 by stamping and 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. Cheques or banker's drafts will be presented for payment upon receipt.

- (d) 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 Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances of applications 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.
- (e) If cheques or banker's drafts are presented for payment before all of the conditions of the Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account.

If the Offer does not become unconditional, no Offer Shares will be issued and all monies will be returned (at the Applicant's sole risk), without payment of interest either as a cheque by first class post to the address shown in section 3 on the Application Form, or to the agent whose name is completed in section 3 on your Application Form, or return funds direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, to Applicants as soon as reasonably practicable following the lapse of the Offer.

To ensure compliance with the Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements").

The Receiving Agent may therefore undertake electronic searches for the purposes of verifying identity. To do so, the Receiving Agent may verify the details against the Applicant's identity, but also may request further proof of identity. The Receiving Agent reserve the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to the Receiving Agent's satisfaction.

If the Receiving Agent determine that the verification of identity requirements apply to any application, the relevant Offer Shares (notwithstanding any other term of the Offer) will not be issued to the relevant Applicant unless and until the verification of identity requirements have been satisfied in respect of that Applicant or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any 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. 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 Offer will be returned (at the Applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply:

- if the Applicant is an organisation required to comply with Regulations and/or the EU Money Laundering Directive(s) including without limitation the European Union Fourth Anti-Money Laundering Directive on, *inter alia*, the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; and
- 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
- if the aggregate subscription price for the Offer Shares is less than €15,000.

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

- I. if payment is made by cheque or banker's draft in pounds 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 "**Link Market Services Limited re: Deltex Medical Group plc – OFS a/c**" in respect of an application by a Qualifying Participant and crossed "**A/C Payee Only**". 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 confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. However, third party cheques will be subject to the Regulations which would delay Applicants receiving their Offer Shares. The account name should be the same as that shown on the Application Form; or
 - II. if the Application Form(s) is/are in respect of Offer Shares with an aggregate subscription price of €15,000 or more and is/are lodged by hand by the Applicant in person, or if the Application Form(s) in respect of Offer Shares is/are lodged by hand by the Applicant and the accompanying payment is a banker's draft or building society 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 identity of his or her address. If, within a reasonable period of time following a request for verification of identity, and in any case, the Registrars have not received evidence satisfactory to it as aforesaid, the Registrars may, at their absolute 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); or
 - III. if the Application Form(s) is/are in respect of Offer Shares with an aggregate subscription price of £50,000 or more the Receiving Agent requires certified copy verification of identity comprising photographic ID such as passport or driving licence and certified copy proof of address such as a utility bill or bank statement (not less than three months old). Certification can be by a bank, a solicitor or other professional person; and
 - IV. if none of the above documents show the Applicant's date and place of birth, the Applicant should provide a note of such information.
- (f) No person receiving a copy of this document and/or any Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including (without limitation) obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

- (g) The Offer Shares have not been and will not be approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States of America or any other United States of America regulatory authority, nor have any of the foregoing authorised, passed upon or endorsed the merit of the Offer or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States of America. The Offer Shares have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction in the United States of America, neither do they qualify for distribution under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan.
- (h) Persons subscribing for Offer Shares shall be deemed and shall be required to represent and warrant to the Company that they are not a person in the United States of America, Canada, Australia, the Republic of South Africa and/or Japan and that they are not subscribing for such Offer Shares for the account of any such person and will not offer, sell, renounce, take up, transfer or deliver, directly or indirectly, such Offer Shares in the United States of America or to any such person or into Canada, Australia, the Republic of South Africa and/or Japan.
- (i) Applicants are encouraged to submit their Application Forms early. In the event that applications are received in excess of the Offer Maximum, applications will generally be scaled back pro-rata. However, the Directors reserve the right to exercise their absolute discretion (with the agreement of the Joint Brokers) in the allocation of successful applications, including, without limitation, to ensure no Offer Shares are issued so as to exceed the Offer Maximum. The right is also reserved to reject in whole or in part any application or any part thereof for any reason whatsoever, including (without limitation) a breach of any of the terms, conditions, representations and/or warranties set out in this document and/or the Application Form and to treat as valid any application not in all respects completed in accordance with the instructions relating to the Application Form. In no event will Offer Shares be issued in excess of the Offer Maximum.
- (j) Save where the context otherwise requires, words and expressions defined in this document have the same meaning when used in the Application Form and any explanatory notes in relation thereto.

PART V

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received by Link Asset Services no later than 12.00 noon on 7 February 2018.

HELPLINE: If you have a query concerning the completion of this Application Form, please telephone Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

1. Application

Fill in (in figures) in Box 1 the number of Ordinary Shares being subscribed for. Financial intermediaries who are investing on behalf of clients should make separate applications for each client.

2. Amount payable

Fill in (in figures) in box 1 the total amount payable for the Ordinary Shares for which your application is made which is the number also inserted in Box 1 of the Application Form, multiplied by the Issue Price, being 1.25 pence per share. You should also mark in the relevant box in section 2 to confirm your payment method, i.e. cheque, banker's draft.

3. Holder details

Fill in (in block capitals) in section 3 the full name(s) of each holder and the address of the first named holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Application Form in section 4.

4. Signature

All holders named in section 3 must sign section 4 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

5. Payment details

Cheque/Banker's draft

All payments by cheque or banker's draft must accompany your application and be for the exact amount inserted in Box 1 of the Application Form. Your cheque or banker's draft must be made payable to "**Link Market Services Limited Re: Deltex Medical Group plc – OFS a/c** in respect of an Application and crossed "**A/C Payee Only**". Applications accompanied by a post-dated cheque will not be accepted.

Cheques or banker's drafts must be drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the United Kingdom or the 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 on the back of the cheque the full name of the building society or bank account holder and have added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the current shareholder or prospective investor. Please do not send cash. 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.

6. Reliable introducer declaration

Applications with a value greater than €15,000 (approximately £13,000) will be subject to verification of identity requirements. This will involve you providing the verification of identity documents listed below UNLESS you can have the declaration provided at section 6 of the Application Form given and signed by a firm acceptable to the Company (or any of its agents). In order to ensure your Application is processed in a timely and efficient manner all Applicants are strongly advised to have the declaration provided in section 6 of the Application Form completed and signed by a suitable firm.

If the declaration in section 6 cannot be completed and the value of the application is greater than €15,000 (approximately £13,000) the documents listed below must be provided with the completed Application Form, as appropriate, in accordance with internationally recognised standards for the prevention of money laundering. Notwithstanding that the declaration in section 6 has been completed and signed, the Company (or any of its agents) reserves the right to request of you the identity documents listed below and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application may be rejected or revoked. Where certified copies of documents are requested below, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

6A. For each holder being an individual enclose:

- i. a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: current passport, government or Armed Forces identity card, or driving licence; and
- ii. certified copies of at least two of the following documents which purport to confirm that the address given in section 3A is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill, a recent bank statement, a council rates bill or similar document issued by a recognised authority; and
- iii. if none of the above documents show the Applicant's date and place of birth, enclose a note of such information; and
- iv. details of the name and address of the Applicant's personal bankers from which the Company (or any of its agents) may request a reference, if necessary.

6B. For each holder being a company (a "holder company") enclose:

- i. a certified copy of the certificate of incorporation of the holder company; and
- ii. the name and address of the holder company's principal bankers from which the Company (or any of its agents) may request a reference, if necessary; and
- iii. a statement as to the nature of the holder company's business, signed by a director; and
- iv. a list of the names and residential addresses of each director of the holder company; and
- v. for each director provide documents and information similar to that mentioned in 8 above; and
- vi. a copy of the authorised signatory list for the holder company; and

- vii. a list of the names and residential/registered address of each ultimate beneficial owner interested in more than three per cent. of the issued share capital of the holder company and, where a person is named, also complete 6C below and, if another company is named (hereinafter a “**beneficiary company**”), also complete 6D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.

6C. For each person named in 6Bvii as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in 6Bi to 6Biv.

6D. For each beneficiary company named in 6Bvii as a beneficial owner of a holder company enclose:

- i. a certified copy of the certificate of incorporation of that beneficiary company; and
- ii. statement as to the nature of that beneficiary company’s business signed by a director; and
- iii. the name and address of that beneficiary company’s principal bankers from which the Company (or any of its agents) may request a reference, if necessary; and
- iv. enclose a list of the names and residential/registered address of each beneficial owner owning more than five per cent. of the issued share capital of that beneficiary company.

The Company (or any of its agents) reserves the right to ask for additional documents and information.

7. Contact details

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Company (or any of its agents) may contact with all enquiries concerning your Application. Ordinarily this contact person should be the person signing in section 4 on behalf of the first named holder. If no details are entered here and the Company (or any of its agents) requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

PART VI

DELTEX MEDICAL GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered no. 3902895)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Deltex Medical Group plc (“**Deltex**” or the “**Company**”) will be held at the offices of DAC Beachcroft LLP at 100 Fetter Lane, London, EC4A 1BN at 10.00 a.m. on 9 February 2018 for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

Special Resolution

That:

- (a) the directors of the Company be and they are hereby:
- (i) generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (“**2006 Act**”) to exercise all powers of the Company to allot Ordinary Shares of 1 penny each (“**Ordinary Shares**”) in the capital of the Company and to grant rights to subscribe for, or to convert any security into, Ordinary Shares in the capital of the Company up to an aggregate nominal amount of £1,680,000 (representing 168,000,000 Ordinary Shares); and
 - (ii) empowered pursuant to Section 570 of the 2006 Act to allot equity securities (within the meaning of section 560 of the Companies Act 2006) for cash pursuant to the authority conferred by paragraph (a)(i) of this resolution as if section 561(1) of the 2006 Act did not apply to any such allotment,

BUT so that the authorities and powers hereby granted in paragraph (a) shall be limited to the allotments and issues contemplated by the Placing, the Subscription and the Offer (with such terms having the meanings given to them in the circular dated 24 January 2018 (the “**Circular**”), of which this notice forms part); and

- (b) the directors of the Company be and they are hereby:
- (i) generally and unconditionally authorised in accordance with section 551 of the 2006 Act to exercise all powers of the Company to allot Ordinary Shares in the capital of the Company and to grant rights to subscribe for, or to convert any security into, Ordinary Shares in the capital of the Company up to an aggregate nominal amount of £87,500 (representing 8,750,000 Ordinary Shares); and
 - (ii) empowered pursuant to Section 570 of the 2006 Act to allot equity securities (within the meaning of section 560 of the Companies Act 2006) for cash pursuant to the authority conferred by paragraph (b)(i) of this resolution as if section 561(1) of the 2006 Act did not apply to any such allotment,

BUT so that the authorities and powers hereby granted in paragraph (b) shall be limited to the allotment and issue of Ordinary Shares in connection with the additional Ordinary Shares to be allotted and issued on conversion of the Loan Notes (as defined in the Circular) under the Convertible Loan Note Arrangements (as defined in the Circular);

AND provided that the authorities and powers hereby granted shall be in addition to and not in substitution for all previous authorities and powers pursuant to sections 551 and 570 of the 2006 Act and shall expire on 31 March 2018 save that the Company shall be entitled to make offers or agreements before the expiry of such authorities and powers which would or might require equity securities (as defined above) to be allotted

after such expiry and the directors shall be entitled to allot any such relevant securities pursuant to any such offer or agreement as if this authority had not expired.

By order of the Board of Directors

Jonathan Shaw
Finance Director and Company Secretary
24 January 2018

Registered Office
Terminus Road
Chichester
West Sussex
PO19 8TX

Explanatory Notes:

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at:
 - close of business on 7 February 2018; or,
 - if this meeting is adjourned, at close of business on the day two days prior to the adjourned meeting,shall be entitled to attend and vote at the meeting in accordance with Regulation 41 of the Uncertificated Securities Regulations 2001. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to more than one share. To appoint more than one proxy please refer to the notes on the proxy form.

Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
 - completed and signed;
 - sent or delivered to Link Market Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU; and
 - received by Link Market Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 10.00 a.m. on 7 February 2018.
6. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
7. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
10. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Link Market Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointment

12. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Market Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
13. In the case of a member which is a Company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
14. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
15. The revocation notice must be received by Link Market Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 10.00 a.m. on 7 February 2018.
16. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
17. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

Submission of proxy electronically

18. 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) thereof 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 voting service provider should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy, the revocation of a proxy appointment or 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 the latest time(s) for receipt of proxy appointments specified in this notice of meeting. 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 Applications 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 a proxy appointed through CREST should be communicated to the appointee by other means.

CREST members and, where applicable, their 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 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 take) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

Corporate representative

19. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.