Proposed Placing to raise £2.6 million (before expenses), amendment of the Series A CLN, Series A CLN Conversion, amendment of the Series B CLN, amendment of the Facility Agreements, issue of the 2019 Debt Warrants and Debt Conversion

and

Notice of Extraordinary General Meeting

Shore Capital and Corporate Limited and Shore Capital Stockbrokers Limited ("Shore Capital"), which are authorised and regulated in the United Kingdom by the FCA, are respectively acting as nominated adviser and broker to the Company in connection with the matters described in this document. Persons receiving this document should note that Shore Capital will not be responsible to anyone other than the Company for providing the protections afforded to clients of Shore Capital or for advising any other person on the arrangements described in this document. Shore Capital has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Shore Capital for the accuracy of any information or opinion contained in this document or for the omission of any information.

The Ordinary Shares, partly represented by Depositary Interests, are currently admitted to trading on AIM.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 of this document and to the recommendation by the Independent Director to Shareholders to vote in favour of the resolutions to be proposed at the EGM to be held on 18 November 2019.

To be valid, the enclosed Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon, as soon as possible and, in any event, so as to reach the Company by no later than 11.00 a.m. on 14 November 2019. The Form of Proxy can be delivered by post or by hand to Nektan PLC, suite 971, Europort, Europort Road, Gibraltar, GX11 1AA. Completion and return of a signed Form of Proxy will not preclude Shareholders from attending and voting at the AGM should they choose to do so. Further instructions relating to the Form of Proxy are set out in the Notice of the EGM and on the Form of Proxy.
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<td>Exhibit “M1” New Memorandum of Association</td>
<td>17</td>
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</table>
## DIRECTORS, COMPANY SECRETARY AND ADVISERS

### Directors
- Jim Wilkinson (*Non-executive Chairman*)
- Gary Shaw (*Chief Executive*)
- Sandeep Reddy (*Non-executive Director*)

### Company Secretary
- Fiduciary Management Limited
  - 23 Portland House
  - Glacis Road
  - Gibraltar

### Registered Office
- Fiduciary Management Limited
  - 23 Portland House
  - Glacis Road
  - Gibraltar

### Nominated Adviser and Broker
- Shore Capital and Corporate Limited
  - Cassini House
  - 57 St James's Street
  - London SW1A 1LD

### UK Legal Advisers to the Company
- K&L Gates LLP
  - One New Change
  - London EC4M 9AF

### Gibraltar Legal Advisers to the Company
- Isolas Gibraltar
  - Portland House
  - Glacis Road
  - PO Box 204
  - Gibraltar

### Registrars
- Link Asset Services
  - The Registry
  - 34 Beckenham Road
  - Beckenham
  - Kent BR3 4TU
# EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<table>
<thead>
<tr>
<th>Event</th>
<th>Date/Time</th>
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</thead>
<tbody>
<tr>
<td>Posting of this document</td>
<td>25 October 2019</td>
</tr>
<tr>
<td>Latest time and date for receipt of completed Forms of Proxy</td>
<td>11.00 a.m. on 14 November 2019</td>
</tr>
<tr>
<td>EGM</td>
<td>11.00 a.m. on 18 November 2019</td>
</tr>
<tr>
<td>Admission of New Ordinary Shares to trading on AIM</td>
<td>8.00 a.m. on 19 November 2019</td>
</tr>
<tr>
<td>Despatch of share certificates in respect of the New Ordinary Shares</td>
<td>26 November 2019</td>
</tr>
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</table>

*All references are to London time unless stated otherwise.*

*If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.*
**ISSUE STATISTICS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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<tbody>
<tr>
<td>Number of Existing Ordinary Shares in issue</td>
<td>111,851,602</td>
</tr>
<tr>
<td>Value of Series A CLNs in issue prior to the CLN Conversion</td>
<td>£3,447,267</td>
</tr>
<tr>
<td>Value of outstanding Series A CLN interest prior to the CLN Conversion</td>
<td>£470,936</td>
</tr>
<tr>
<td>Value of Series B CLNs in issue prior to the Placing</td>
<td>£1,100,000</td>
</tr>
<tr>
<td>Number of New Ordinary Shares to be issued resulting from the CLN</td>
<td>78,364,063</td>
</tr>
<tr>
<td>Conversion at the Placing Price</td>
<td></td>
</tr>
<tr>
<td>Number of New Ordinary Shares issued pursuant to the Placing</td>
<td>52,000,000</td>
</tr>
<tr>
<td>Number of New Ordinary Shares issued pursuant to the Debt Conversion</td>
<td>1,800,000</td>
</tr>
<tr>
<td>Number of New Ordinary Shares issued pursuant to the Placing, the CLN</td>
<td>132,164,063</td>
</tr>
<tr>
<td>Conversion and the Debt Conversion</td>
<td></td>
</tr>
<tr>
<td>Number of Ordinary Shares in issue following the Placing, the CLN</td>
<td>244,015,665</td>
</tr>
<tr>
<td>Conversion and the Debt Conversion</td>
<td></td>
</tr>
<tr>
<td>Number of Ordinary Shares resulting from conversion of the remaining</td>
<td>17,600,000</td>
</tr>
<tr>
<td>Series B CLNs at the current indicative Conversion Price</td>
<td></td>
</tr>
<tr>
<td>Number of Debt Warrants at 27.5 pence</td>
<td>10,639,600</td>
</tr>
<tr>
<td>Number of 2019 Debt Warrants at 5 pence</td>
<td>830,000</td>
</tr>
<tr>
<td>Number of CLN Deferred Interest Warrants at 27.5 pence</td>
<td>3,435,622</td>
</tr>
<tr>
<td>Number of CLN Deferred Interest Warrants at 21 pence</td>
<td>907,092</td>
</tr>
<tr>
<td>Number of Spring 2016 Warrants at 81.75 pence</td>
<td>2,538,809</td>
</tr>
<tr>
<td>Number of Options outstanding</td>
<td>2,410,554</td>
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<tr>
<td>Gross proceeds of the Placing</td>
<td>£2,600,000</td>
</tr>
<tr>
<td>Net proceeds of the Placing</td>
<td>£2,500,000</td>
</tr>
</tbody>
</table>
DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise.

“Accounts” the audited statutory accounts of the Company for year ended 30 June 2018

“Act” the Gibraltar Companies Act 2014, as amended from time to time

“AIM” the AIM market operated by London Stock Exchange

“AIM Rules for Companies” the AIM Rules for Companies as published by the London Stock Exchange from time to time

“Articles” the articles of association of the Company

“Board” or “Directors” the directors of the Company as at the date of this document

“City Code” the City Code on Takeovers and Mergers

“CLN Conversion” the conversion of £3,447,267 (being the entire remaining balance of the Series A CLN), plus the conversion of all outstanding Series A CLN interest of £470,936 resulting in the issue of 78,364,056 New Ordinary Shares at the Placing Price

“CLN Deferred Interest Warrants” warrants issued in exchange for deferral of CLN interest to subscribe for new Ordinary Shares at an exercise price of 27.5 pence or 21 pence per new Ordinary Share

“CLN Deferred Interest Warrant Instrument” the instrument creating the CLN Deferred Interest Warrants

“CLN Instruments” the £10,000,000 Series A Fixed Rate Secured Convertible Loan Note 2020 Instrument dated 28 April 2015 (as amended by amendment deeds dated 29 December 2016, 18 December 2018 and 9 April 2019) and the £1,100,000 Series B Fixed Rate Secured Convertible Loan Note Instrument dated 28 April 2015 (as amended by an amendment deed dated 5 October 2015), copies of which are available on the Company's website

“CLNs” the convertible loan notes issued pursuant to the CLN Instruments

“Company” or “Nektan” Nektan plc

“Conversion Price” the price at which the Series B CLNs convert into new Ordinary Shares, being 125 per cent. of the price at which Ordinary Shares were last issued subject to maximum of 209 pence each

“Debt Conversion” the issue of 1,800,000 New Ordinary Shares to VTA for accrued but unpaid set up costs of the India operations

“Debt Fundraise” the July 2017 loans, directly or indirectly, by Gary Shaw and Sandeep Reddy/VTA, pursuant to the Facility Agreements with associated pro rata Debt Warrants

“Debt Warrants” warrants issued as part of the Debt Fundraise to subscribe for new Ordinary Shares at an exercise price of 27.5 pence per new Ordinary Share

“Debt Warrant Instrument” the instrument creating the Debt Warrants
Deed Poll: the deed poll dated 28 October 2014 executed by the Depositary in relation to the issue of Depositary Interests by the Depositary

Depositary: Link Market Services Limited

Depositary Interests: uncertificated depositary interests issued by the Depositary and representing Ordinary Shares pursuant to the Deed Poll

EGM: the extraordinary general meeting of the Company to be held at 11.00 a.m. on 18 November 2019 at K&L Gates LLP, One New Change, London EC4M 9AF, or any reconvened extraordinary general meeting

Existing Ordinary Shares: the 111,851,602 Ordinary Shares in issue

Exit: means (i) the acquisition by any person of the entire issued share capital of the Company, or (ii) the acquisition by any person of the whole or substantially the whole of the business and undertaking of the Nektan Group

Facility Agreement or Facility Agreements: the facility agreements entered into in July 2017 between the Company and Gary Shaw for £1,300,000 and the Company and VTA for £1,200,000 respectively

Form of Proxy: the enclosed form of proxy for use at the EGM

FCA: the Financial Conduct Authority of the UK

FSMA: Financial Services and Market Act 2000 (as amended)

Group or Nektan Group: Nektan plc and its subsidiaries

Independent Director: Jim Wilkinson

London Stock Exchange: London Stock Exchange plc


New Ordinary Shares: the new Ordinary Shares issued at the Placing Price pursuant to the Placing, the CLN Conversion and the Debt Conversion

Noteholders: holders of the CLNs

Notice or Notice of the EGM: the notice convening the EGM set out in Part 2 of this document

Options: options in the Company as set out in the Notice

Ordinary Shares: ordinary shares of 1 pence each in the capital of the Company

Overseas Shareholders: Shareholders with a registered address outside the United Kingdom

Placing: the fundraising at the Placing Price to raise a minimum of £2,600,000
“Placing Price” means 5 pence per New Ordinary Share

“Registrars” or “Link Asset Services” is a trading name of Link Asset Services Limited, a private limited company incorporated in England and Wales with the registered number 2605568 whose registered address is at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

“Regulatory Information Service” has the meaning given in the AIM Rules for Companies

“Resolutions” are the resolutions to be proposed at the EGM, as set out in the Notice

“Series A CLNs” are the convertible loan notes issued pursuant to the £10,000,000 Series A Fixed Rate Secured Convertible Loan Note 2020 Instrument dated 28 April 2015 (as amended)

“Series B CLNs” are the convertible loan notes issued pursuant to the £1,100,000 Series B Fixed Rate Secured Convertible Loan Note 2020 Instrument dated 28 April 2015 (VCT) (as amended)

“Shareholders” are the holders of Ordinary Shares

“Spring 2016 Warrants” are warrants issued as part of the Spring 2016 equity fundraise to subscribe for new Ordinary Shares at an exercise price of 81.75 pence per new Ordinary Share

“Spring 2016 Warrant Instrument” is the instrument creating the Spring 2016 Warrants

“Subscription Agreements” are the conditional subscription agreements and an indication of interest entered into between the Company and various investors to raise £2,600,000 in equity capital for the Company pursuant to the Placing

“UK” is the United Kingdom of Great Britain and Northern Ireland

“United States”, “United States of America” or “US” is the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all areas subject to its jurisdiction

“VTA” is Venture Tech Assets Limited, a company that is associated with Sandeep Reddy, a Non-Executive Director of the Company

“Warrants” are together the Debt Warrants, the Spring 2016 Warrants, the CLN Deferred Interest Warrants and the 2019 Debt Warrants

“2019 Debt Warrants” are warrants issued to Gary Shaw and VTA as compensation for the amendment of the redemption date and interest rate on the debts outstanding under their Facility Agreements

“2019 Debt Warrant Instrument” is the instrument creating the 2019 Debt Warrants
Dear Shareholder

Proposed Placing to raise a minimum of £2,600,000 (before expenses), amendment of the Series A CLN, Series A CLN Conversion, amendment of the Series B CLN, amendment of the Facility Agreements, issue of 2019 Debt Warrants and Debt Conversion

1. Introduction

The Company announced on 25 October 2019 that it had successfully secured Subscription Agreements and indications of interest from certain investors to raise a minimum of £2,600,000 at the Placing Price and that the Subscription Agreements were conditional, inter alia, on the passing of the Resolutions at the EGM. In addition, and inter-conditionally, the Company has received commitments to convert all of the remaining Series A CLN's and interest thereon (subject to further amendment of the instrument) at the Placing Price; to amend the interest rate, waive interest and to extend the term of the Series B CLN's; for Gary Shaw and VTA to amend their Facility Agreements and for VTA to convert debt of £90,000 into equity at the Placing Price.

Following a proposed restructure, the Company is pleased that the overall working capital requirements prior to the Company becoming cash flow positive, as set out below, have been reduced to £2.5 million (net of expenses) enabling a reduced fund raise. The Directors believe that given the short-term commercial prospects referred to below in addition to the reduced dilutive effect, the reduction in the size of the fund raise will be in the best interests of Shareholders.

The purpose of this document is to set out the background to the Placing, the terms of the amendment of the Series A CLN and CLN Conversion, the terms of the Series B CLN amendment, the Facility Agreement amendments, the Debt Conversion and to convene the Extraordinary General Meeting in order to approve the Resolutions required to permit all of the proposed transactions to take place.

2. Background to the Placing

As announced in the Company's trading update on 31 July 2019, during FY19 total revenue increased by 14.8 per cent. over FY18 with good growth across both the B2C and B2B segments despite the headwinds experienced in the second half. As stated in the update, management has taken decisive action to ensure the Group is structured appropriately to these market conditions, whilst providing the strategic platform for planned expansion and growth in international markets. This, in conjunction with a further realignment towards higher margin activities, will, the Board believes, deliver an improvement in the Company's profitability. As announced 18 September 2019, in the B2B division, the Group was live with over 12 partners in 6 markets across Asia and Africa and had integrations underway with 19 new partners in these markets. The Group is pleased to report that 5 partners have launched since then and a further agreement has been reached to launch with another operator in Europe. The Group now has 17 partners live with a further 15 scheduled to launch before the end of January 2020.
However, despite this improved annual revenue result, due to the decline in H2 FY19 performance and continued investment in the development of the Company’s operations, the Group continues to be loss making and the Group requires further funding in order to support the integrations outlined above, which the Directors believe, once fully ramped up, should result in the Group becoming cash flow positive in the second half of its current financial year.

Having considered the available funding options, and taking the continuing cash requirements of the Group into consideration, the Board decided to undertake the Placing, amendment and conversion of the Series A CLN, restructure of the Series B CLN and extending the maturity of the Facility Agreements. This will result in an improved working capital position for the Group and also significantly strengthen the balance sheet.

In addition, all outstanding Remote Gaming Duty ("RGD") payment issues have been identified and communicated to HMRC, and the Company’s auditors, with a view to agreeing a payment plan as soon as possible for the Company’s subsidiary Nektan Gibraltar Limited ("NGL") with whom the liability to HMRC lies. The Company and NGL will require confirmation from HMRC regarding a payment plan for the outstanding RGD to be agreed as part of auditor sign off of its annual report and accounts. Should HMRC refuse a payment plan or take further steps to enforce payment more quickly than NGL can afford, then further funding may be required or restructuring steps may be taken in respect of NGL.

3. The Placing
The Company has entered into the Subscription Agreements, under which the subscribers will invest a minimum of £2,600,000 (before expenses) into the Company, subject to Shareholders passing the Resolutions.

4. The Facility Agreement Amendments and Debt Conversion
Gary Shaw, Executive Director of the Company, and VTA, a company associated with Sandeep Reddy, a Non-Executive Director of the Company, have agreed with the Company to amend the Facility Agreements such that their redemption date shall be extended to 29 April 2021. In consideration of this further amendment of the redemption date and the amendments made to the interest rate and redemption date in February 2019, Gary Shaw will be issued with 330,000 warrants and VTA 500,000 warrants at the Placing Price ("2019 Debt Warrants"). Each 2019 Debt Warrant will confer on the warrant holder the right to subscribe for one new Ordinary Share at an exercise price of 5 pence for up to 5 years. Any transfer of 2019 Debt Warrants must be in minimum tranches of 20,000 warrants or, if lower, the entirety of the 2019 Debt Warrant holding.

In addition, VTA is owed £90,000 by the Company for the set up costs of the Company’s India operations. This liability to VTA, as recorded in the accounts, will be settled through the issue of 1.8 million New Ordinary Shares at the Placing Price.

5. The Series A CLN Amendment and CLN Conversion and the Series B CLN Amendment
Pursuant to a deed of amendment and Noteholder resolution, signed by the requisite number of Noteholders and the conversion notices received by the Company, the remaining principal balance of £3,447,267 of the Series A CLNs, plus all outstanding interest of £470,936 at 18 November 2019 (the date of the EGM), will convert into New Ordinary Shares at the Placing Price resulting in a total of 78,364,056 New Ordinary Shares being issued.

Pursuant to a deed of amendment signed by the Noteholders of the Series B CLN, the principal balance of £1,100,000 of the Series B CLN, which currently has interest paid quarterly on a coupon of 10 per cent., will have its terms amended such that:

- the repayment date is extended by 3 years from 29 April 2020 to 31 March 2023;
- the Noteholders will waive their right to the coupon until 1 January 2021 from when a coupon of 5 per cent. per annum will become payable; and
All other conditions of the Series B CLNs will remain as per the original agreement, with the Company having the ability to convert the Series B CLNs where the Company’s share price for 10 dealing days prior to serving the notice to convert is equal to or above the Conversion Price.

6. Use of proceeds and working capital
The funds raised by the Placing will be used to support working capital requirements of the Company’s operations; to allow the Company to support the continued growth of its European managed gaming solutions business and the continued development of its B2B software licensing and games distribution business.

As the Placing, the Series A CLN Amendment, the CLN Conversion, the Series B CLN Amendment, Facility Agreement Amendments and other matters are conditional, *inter alia*, upon the passing of the Resolutions. Shareholders should be aware that, if the Resolutions are not passed, the proceeds of the Placing will not be received by the Company. In such circumstances, the Company would need urgently to pursue additional or alternative funding sources which, if they are available at all, may be expensive and/or onerous for the Company and/or asset sales or part sales.

7. Current trading and prospects
The Company announced on 31 July 2019 the following trading update.

During FY19, total revenue increased by 14.8 per cent. over FY18 with good growth across both the B2C and B2B segments, and a record number of partners live. As previously announced, our Q4 FY19 KPIs continued to be impacted by similar conditions that affected Q3, including increased UK taxation and player verifications. Management has taken decisive action to ensure the Group is structured appropriately to these market conditions, whilst providing the strategic platform for planned expansion and growth in international markets.

*Highlights*

- Strong and growing global sales pipeline across both B2C and B2B.
- B2C – 13 new white label casino sites were launched in Q4 FY19, in addition to the expansion of the B2C product offering with the launch of a new mobile-first bingo product, which is now available across the white label network of casino sites.
- B2B – 12 partners currently live, up from 10 in Q3 FY19, with a number of partners due to go live during the current quarter. Recent launches include Volt Casino and MoPlay, along with entry into Africa with two of the leading gaming companies, Betika and BetLion, using E-Lite, the Company’s B2B content distribution platform.
- Total number of games providers into Nektan’s casino platform has increased to 42 from 38 in Q3 FY19, with the addition of Rocksalt Interactive, ReelFeel, Rogue Gaming and Inspired Gaming.
- Four new games have been developed in partnership with Rocksalt Interactive and ReelFeel, leading to increased higher margin content for the Company, with more games in the development pipeline.

*Full-Year KPIs*

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue*</td>
<td>£22.5m</td>
<td>£19.6m</td>
<td>14.8%</td>
</tr>
<tr>
<td>B2C Net Gaming Revenue</td>
<td>£21.5m</td>
<td>£19.4m</td>
<td>10.8%</td>
</tr>
<tr>
<td>B2B Revenue</td>
<td>£0.98m</td>
<td>£0.24m</td>
<td>308.3%</td>
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<tr>
<td>B2C First Time Depositors (FTDs)</td>
<td>131,128</td>
<td>156,703</td>
<td>-16.3%</td>
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<tr>
<td>B2C Cash Wagering</td>
<td>£597.8m</td>
<td>£559.8m</td>
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Q4 KPIs

<table>
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<tr>
<th></th>
<th>Q4 FY19</th>
<th>Q3 FY19</th>
<th>Change</th>
<th>Q4 FY18**</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue*</td>
<td>£4.1m</td>
<td>£5.4m</td>
<td>-24.1%</td>
<td>£5.8m</td>
<td>-29.3%</td>
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<tr>
<td>B2C Net Gaming Revenue</td>
<td>£3.8m</td>
<td>£5.1m</td>
<td>-25.5%</td>
<td>£5.7m</td>
<td>-33.3%</td>
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<tr>
<td>B2B Revenue</td>
<td>£0.33m</td>
<td>£0.35m</td>
<td>-5.7%</td>
<td>£0.11m</td>
<td>200.0%</td>
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<tr>
<td>B2C First Time Depositors (FTDs)</td>
<td>23,850</td>
<td>31,914</td>
<td>-25.3%</td>
<td>43,289</td>
<td>-44.9%</td>
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<tr>
<td>B2C Cash Wagering</td>
<td>£110.9m</td>
<td>£141.0m</td>
<td>-21.3%</td>
<td>£162.9m</td>
<td>-31.9%</td>
</tr>
</tbody>
</table>

The figures stated above are all unaudited.

*Net Gaming Revenue (jackpot adjusted) from B2C and Revenue Share from B2B
**adjusted

8. Related party transactions

Gary Shaw, an Executive Director of the Company, and Sandeep Reddy, a non-Executive Director of the Company, have, either directly or through their associated companies, current holdings of 17,996,291, and 6,779,485 Ordinary Shares respectively (representing 16.1 per cent. and 6.1 per cent. of the Company’s issued share capital respectively). Gary Shaw and Sandeep Reddy directly or indirectly, have outstanding loans of £535,000 and £800,000 respectively to the Company under the Facility Agreements. As Directors, their initial participation in the Debt Fundraise constituted a related party transaction under the AIM Rules for Companies and the amendment of those Facility Agreements now constitute further related party transactions under the AIM Rules for Companies.

The grant of the 2019 Debt Warrants as consideration for the amendment of the Facility Agreements and the payment of the VTA liability of £90,000 by the issue of New Ordinary Shares represent related party transactions under the AIM Rules for Companies.

In addition, VTA is a holder of £1,000,000 Series A CLNs with accrued interest of £271,918 to 18 November 2019 (the proposed date of the EGM) and therefore the Series A CLN Amendment represents a further related party transaction under the AIM Rules for Companies.

Pursuant to the Placing, the Company has entered into a Subscription Agreement with Tosca Master, a fund managed by Toscafund Asset Management LLP (“Toscafund”), which has subscribed for in aggregate 26,700,000 New Ordinary Shares at the Placing Price. In addition, John de la Hey (via Cheviot Capital), an individual connected to Toscafund, has subscribed for 9,000,000 New Ordinary Shares. As at the date of this announcement, Toscafund, along with connected partners, holds 31,623,020 Ordinary Shares representing approximately 28.27 per cent. of the issued share capital of the Company. As such, Toscafund is a substantial shareholder of the Company and its participation in the Placing is a related party transaction under the AIM Rules for Companies.

Jim Wilkinson (the “Independent Director”) considers, having consulted with the Company’s nominated adviser, Shore Capital, that the amended terms of the Facility Agreements, the issue of the 2019 Debt Warrants, the Series A CLN Amendment, the conversion of the debt owed to VTA and the terms of Toscafund’s participation in the Placing are fair and reasonable insofar as the Company’s Shareholders are concerned.

9. Extraordinary General Meeting

Set out in Part 2 of this document is a notice convening the EGM at which the Resolutions will be proposed. The Resolutions grant the relevant authorities to proceed with the Placing, CLN Conversion and Debt Conversion as well as providing authorities for the issue of the Warrants and the standard authorities and disapplication of pre-emption rights.

10. Admission

Application will be made to the London Stock Exchange for the admission of the 127,474,063 New Ordinary Shares to trading on AIM (other than the Deferred Settlement Shares as defined below) (“Admission”). It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 19 November 2019. The New Ordinary Shares, when issued, will rank pari passu with the Existing Ordinary Shares.
Admission, the Company will have 239,325,665 Ordinary Shares in issue and admitted to trading on AIM. This figure may be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the Financial Conduct Authority’s Disclosure Guidance and Transparency Rules.

The Company has agreed that settlement be deferred in respect of £234,500 forming part of the Placing until 31 January 2020. As such 4,690,000 New Ordinary Shares (“Deferred Settlement Schemes”) are expected to be admitted to trading on AIM and it is expected that dealings will commence at 8.00 a.m. on 3 February 2020. The Deferred Settlement Schemes, when issued, will rank pari passu with the then Existing Ordinary Shares.

11. Recommendation
The Independent Director believes that the Placing, the Series A CLN Amendment, the CLN Conversion, the Series B CLN Amendment, Facility Agreement Amendments and Debt Conversion are in the best interests of the Company and its Shareholders as a whole.

In addition, the Independent Director recommends that Shareholders vote in favour of the Resolutions. The Independent Director has irrevocably undertaken to vote in favour of the Resolutions in respect of, in aggregate, 2,920,599 Existing Ordinary Shares, representing approximately 2.6 per cent. of the Company's issued share capital.

As the Placing and the CLN Conversion and other matters are conditional, inter alia, upon the passing of the Resolutions, Shareholders should be aware that, if the Resolutions are not passed, the proceeds of the Placing will not be received by the Company. In such circumstances, the Company would need urgently to pursue additional or alternative funding sources which, if they are available at all, may be expensive and/or onerous for the Company and/or asset sales or part sales.

Jim Wilkinson
Chairman
PART 2

NOTICE OF EXTRAORDINARY GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised for the purposes of the Financial Services and Markets Act 2000 (“FSMA”) who specialises in advising on the acquisition of shares and other securities if you are resident in the United Kingdom or, if not, from another appropriate adviser.

If you have sold or otherwise transferred all of your Ordinary Shares in the Company, please forward this document and the accompanying form of proxy and form of direction to the purchaser or transferee or to the stakeholder, bank or other agent through whom the sale or transfer was effected, for the transmission to the purchaser or transferee.

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of the Company will be convened at the offices of K&L Gates LLP, One New Change, London, EC4M 9AF and by telephone using telephone number 0800 528 2077 for callers in the UK and +44 (0)20 7855 3285 for callers from outside the UK and passcode 15175426 on 18 November 2019 at 11.00 a.m. (UK time) to consider and, if deemed fit, to approve the following resolutions (the “Resolutions”). Resolutions 1 to 3 (inclusive) being ordinary resolutions and Resolution 4 being a special resolution.

ORDINARY RESOLUTIONS

1. That the authorised share capital of the Company be increased from £1,978,880.22 divided into 197,888,022 Ordinary Shares of £0.01 each to £5,000,000 divided into 500,000,000 Ordinary Shares of £0.01, with the rights attached to such shares as set out in the Articles of Association of the Company.

2. That subject to the passing of Resolution 1. above, the Memorandum of Association attached to these Resolutions and marked Exhibit “M1”, be adopted as the Memorandum of Association of the Company in substitution for, and to the exclusion of, the existing Memorandum of Association of the Company.

3. That, in accordance with the Company’s Articles of Association, the Directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:

   (a) up to an aggregate nominal amount of £24,105.54 in connection with the grant or exercise of certain options over the share capital of the Company (the “Options”);

   (b) up to an aggregate nominal amount of £25,388.09 in connection with the grant or exercise of certain warrants over the share capital of the Company issued in March 2016 (the “Spring 2016 Warrants”);

   (c) up to an aggregate nominal amount of £689,454.00 in connection with and on the terms set out in the convertible loan notes issued pursuant to the Series A Fixed Rate Secured Convertible Loan Note 2020 Instrument dated 28 April 2015 (as amended by a first amendment deed dated 29 December 2016, a second amendment deed dated 18 December 2017, a third amendment deed dated 9 April 2019 and a final amendment deed to be dated 18 November 2019 (the “Series A CLN”))

   (d) up to an aggregate nominal amount of £176,000.00 in connection with and on the terms set out in the convertible loan notes issued pursuant to the Series B Fixed Rate Secured Convertible Loan Note Instrument dated 28 April 2015 (as amended by an amendment deed dated 5 October 2015 and an amendment deed to be dated 18 November 2019 (the “Series B CLN”));

   (e) up to an aggregate nominal amount of £43,427.14 in connection with the exercise of certain warrants over the share capital of the Company issued to the Series A CLN holders as consideration for agreeing to defer interest on the Series A CLN’s (the “CLN Deferred Interest Warrants”);
(f) up to an aggregate nominal amount of £106,396.00 in connection with the grant or exercise of certain warrants over the share capital of the Company issued in connection with the July 2017 debt fundraise (the “Debt Warrants”);

(g) up to an aggregate nominal amount of £8,300.00 in connection with the grant or exercise of certain warrants over the share capital of the Company issued in connection with the Facility Agreement amendments (the “2019 Debt Warrants”);

(h) up to an aggregate nominal amount of £1,000,000.00 in connection with an issue for cash to raise up to £5,000,000 at 5 pence per share between October 2019 and 31 January 2020, including the debt conversion of VAT of £90,000 (the “2019 Placing”);

(i) up to an aggregate nominal amount of £94,188.00 in connection with the settlement of CLN rolled up interest on conversion of Series A CLNs in November 2019 (“CLN Interest”);

(j) otherwise than in connection with the matters set out in sub-paragraphs (a) to (i) above, up to an aggregate nominal amount of £2,448,327.00; and

(k) otherwise than in connection with the matters set out in sub-paragraphs (a) to (i) above, up to an aggregate nominal value of £4,896,653.00 (after deducting from such limit any relevant securities allotted under paragraph (j) above) in connection with any offer by way of a rights issue;

Unless previously renewed, revoked or varied, the authority conferred by this Resolution 3 shall apply in substitution for all existing authorities until the conclusion of the next annual general meeting of the Company after the date on which this Resolution is passed or, if earlier, the close of business on the date 15 months following the passing of this Resolution but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to be granted after the authority expires and the directors may allot shares or grant such rights under such an offer or agreement as if the authority conferred hereby had not expired.

For the purposes of this Resolution 3, “rights issue” means an offer to:

i. ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

ii. holders of other equity securities as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such limits, restrictions or arrangements as the directors consider necessary or appropriate to deal with fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

SPECIAL RESOLUTION

4. That, subject to the passing of Resolutions 1., 2. and 3. and in place of any existing authority, the Directors be given the general power to allot equity securities for cash, pursuant to the authority conferred by Resolution 3., as if article 5 of the Company’s Articles did not apply to any such allotment, provided that this power shall be limited to:

(a) up to an aggregate nominal amount of £24,105.54 in connection with the grant or exercise of the Options;

(b) up to an aggregate nominal amount of £25,388.09 in connection with the grant or exercise of the Spring 2016 Warrants;

(c) up to an aggregate nominal amount of £689,454.00 in connection with the Series A CLNs;

(d) up to an aggregate nominal amount of £176,000.00 in connection with the Series B CLNs;

(e) up to an aggregate nominal amount of £43,427.14 in connection with the exercise of the CLN Deferred Interest Warrants;

(f) up to an aggregate nominal amount of £106,396.00 in connection with the grant or exercise of the Debt Warrants;
(g) up to an aggregate nominal amount of £8,300.00 in connection with the grant or exercise of the 2019 Debt Warrants;

(h) up to an aggregate nominal amount of £1,000,000.00 in connection with the 2019 Placing;

(i) up to an aggregate nominal amount of £94,188.00 in connection with Series A CLN Interest;

(j) in connection with a rights issue pursuant to sub-paragraph (k) of Resolution 3. as the Directors may consider necessary, appropriate or expedient to deal with fractional entitlements, record dates, any legal or practical problems in or under the laws of any territory, the requirements of any regulatory body or any stock exchange in any territory or any other matter whatsoever; and

(k) otherwise than in connection with the matters set out in sub paragraphs (a) to (j) above, up to an aggregate nominal amount of £816,109.00.

Unless previously renewed, revoked or varied, the power conferred by this Resolution 4. shall apply in substitution for all existing powers until the conclusion of the next annual general meeting of the Company after the date on which this Resolution is passed or, if earlier, the close of business on the date 15 months following the passing of this Resolution but, in each case, so that the Company may make offers and enter into agreements before the power expires which would, or might, require equity securities to be allotted after the power expires and the directors may allot equity securities under such an offer or agreement as if the power conferred hereby had not expired.

For the purposes of this Resolution 4., “rights issue” has the same meaning given in Resolution 3.

BY ORDER OF THE BOARD

___________________________________________
Jim Wilkinson
Director
Dated this 25 October 2019
EXHIBIT “M1”

NEW MEMORANDUM OF ASSOCIATION
PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

NEKTAN PLC

1. The name of the company is “NEKTAN PLC”.
2. The company is a public company.
3. The registered office of the company will be situate in Gibraltar.
4. The liability of the members is limited.
5. The authorised share capital of the company is £5,000,000 divided into 500,000,000 Ordinary Shares of £0.01 each.
EXPLANATORY NOTES

1. Only those members registered in the register of members of the Company at 6.00 p.m. on 14 November 2019 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. If the meeting is adjourned, the time by which a person must be entered in the register of members of the Company in order to have the right to attend and vote at the meeting is 6.00 p.m. on the day that is two days prior to the day of the adjourned meeting. Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to exercise all or any of the rights of the member to attend and to speak and vote on his behalf at the meeting. A proxy need not be a member of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. A proxy may only be appointed using the procedures set out in these notes and the notes to the proxy form. The completion and return of a proxy form will not prevent a member who wishes to do so from attending and voting at the meeting in person.

3. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. Each proxy must be appointed on a separate proxy form. Additional proxy forms may be obtained by contacting Abigail Wahnon on Abigail.Wahnon@nektan.com. Alternatively, members may photocopy the accompanying proxy form the required number of times before completing it. A member appointing more than one proxy must indicate on the relevant proxy forms the number of shares in respect of which each proxy is appointed.

4. To be valid, a proxy form and any power of attorney or other authority (if any) under which it is signed (or a duly certified copy of such power or authority) must be received by post (during normal business hours only) or by hand at Nektan PLC, Suite 971, Europort, Europort Road, Gibraltar, GX11 1AA, not less than 48 hours before the time appointed for holding the meeting at which the person named in such instrument proposes to vote, i.e. 11.00 a.m. (UK time) on 14 November 2019.

5. The form of direction accompanying this Notice must be signed by the depositary interest holder or an attorney duly authorised in writing and deposited with Link Market Services Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 72 hours before the time appointed for holding the meeting at which the person named in such instrument proposed to vote, i.e. 11.00 a.m. (UK time) on 13 November 2019. Any form of direction received after that time will not be valid for the scheduled meeting.

6. CREST members who wish to give a form of direction or 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.

7. 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 R033) 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.

8. 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.

9. 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.

10. Any corporation which is a member may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

11. 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).

12. As at 24 October 2019 (being the latest practicable date prior to the publication of this notice), the Company’s issued share capital consisted of 111,851,602 Ordinary Shares, carrying one vote each. The Company does not hold any Ordinary Shares in treasury. Therefore, the total number of voting rights in the Company as at 24 October 2019 is 111,851,602. Subject to admission, it is expected that as at 19 November 2019, the total number of voting rights will be 239,325,665 as a result of the conversions and subscription announced by the Company on 25 October 2019. As a result of the second admission on 3 February 2020 of 4,690,000 deferred settlement shares this will increase to 244,015,665.

13. Resolution 1. increases the authorised share capital of the Company, as is required under Gibraltar law. Currently the authorised share capital stands at £1,978,880.22. In order to give more than sufficient headroom for all the possible share issues detailed in Resolution 3. this is being increased to £5,000,000. Issue of any shares still requires the authorities set out in Resolutions 3. and 4.

14. Resolution 2. is required in order to change the authorised share capital in the Company’s Memorandum of Association which will be filed at the Gibraltar company registry.

15. Resolution 3. gives the Directors authority to allot Ordinary Shares up to an aggregate nominal value of: (a) £24,105.54 in connection with options exercisable by Chrystal Capital Partners LLP and Disruptive Tech Limited and in relation to the Employee Share Scheme (as defined in the Articles); (b) £25,388.09 in connection with warrants issued over share capital in the Company in March 2016; (c) £689,544.00 in connection with the conversion of the outstanding Series A CLNs; (d) £176,000.00 in connection with the possible conversion of the outstanding Series B CLNs; (e) £43,427.14 in connection with the issue of the CLN Deferred Interest Warrants; (f) £106,396.00 in connection with the exercise of the Debt Warrants held by Gary Shaw and Sandeep Reddy; (g) £8,300.00 in connection with the 2019 Debt Warrants; (h) £1,000,000.00 in connection with the 2019 Placing; (j) £94,188.00 in connection with Series A CLN Interest; (j) £2,448,327.00 being up to one third of the aggregate nominal amount of the Company’s entire issued ordinary share capital as at the date of the passing of this Resolution 3. and post the issue of the 2019 Placing shares and other issues; and (k) 4,896,653.00 being up to two thirds of the Company’s entire issued share capital post the issue of the 2019 Placing shares and other share issues (less any shares issued under (j) by way of a rights issue. The authority will expire at the earlier of the conclusion of the next annual general meeting of the Company or 15 months from the passing of the resolution. These authorities would also negate previous authorities to allot Ordinary Shares in the Company.

16. Resolution 4. disapplies pre-emption rights contained in the Articles for the allotment of equity securities pursuant to the authority contained in Resolution 3. This authority allows the Directors to allot Ordinary Shares on a non-pre-emptive basis, for all of the Ordinary Shares set out in each of sub paragraphs (a) to (i) of Resolution 3. and for the Ordinary Shares in sub-paragraph (k) relating to a rights issue with flexibility in dealing with fractions and other ancillary matters requiring administrative disapplication of pre-emption rights and further up to a nominal value equal to one tenth of the aggregate nominal amount of the Company’s entire issued share capital generally. The authority will expire at the earlier of the conclusion of the next annual general meeting of the Company or 15 months from the passing of the resolution.