

Velocys plc

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25 November 2021

Velocys plc

("Velocys", the "Company" or the "Group")

Proposed Placing and Open Offer

Velocys plc (AIM: VLS), the sustainable fuels technology company, today announces a proposed conditional Placing with institutional investors to raise approximately £25 million in aggregate before expenses at the Placing Price of 8 pence per Placing Share. Funds raised will be used primarily to accelerate the delivery of Velocys' technology and enable the Company to scale growth with a view to achieving its target of net positive cash flow during 2024.

In addition, in order to provide Shareholders who have not taken part in the Placing with an opportunity to participate in the proposed Fundraise, the Company is providing Eligible Shareholders the opportunity to subscribe, at the Placing Price, for an aggregate of up to 25,076,613 new Ordinary Shares, to raise up to approximately £2.0 million via the Open Offer.

Highlights

- The Placing to raise approximately £25 million will be conducted by way of an accelerated bookbuilding process at the Placing Price (the "**Bookbuild**"), which will be launched immediately following this Announcement in accordance with the terms and conditions set out in Appendix II.
- Subject to the successful closing of the Bookbuild, the Company is also making an Open Offer, for up to 25,076,613 Open Offer Shares, to raise up to approximately £2 million at the Placing Price, on the basis of 2 Open Offer Shares for every 85 Existing Ordinary Shares held by Eligible Shareholders at the Record Date. Any entitlements to Open Offer Shares not subscribed for by Eligible Shareholders will be available to Eligible Shareholders under the excess application facility for the Open Offer.
- The net proceeds of the Fundraise will be used primarily for:
 - capital investment in the current manufacturing capability to enable output of at least 12 reactors per year;
 - funding to advance the two reference projects (Bayou Fuels in Mississippi, US and Altolto in Immingham, UK) to the point of securing external investment into the detailed engineering stage;

- setting aside funds to back process guarantees and equipment warranties to clients;
- general working capital needs over the next 24 months, including the potential part-payment to secure control of the site for the Altalto project; and
- providing a line of sight to achieving net positive cash flow during 2024.

The Placing Price of 8 pence per New Ordinary Share represents a discount of 8.6 per cent. to the closing mid-market price of 8.75 pence per Existing Ordinary Share as at 24 November 2021.

The Placing Shares are not being made available to the public. It is envisaged that the Bookbuild will be closed no later than 8.00 p.m. GMT today, 25 November 2021 but may be closed earlier, or later, at the discretion of the Joint Brokers. Details of the number of Placing Shares will be announced as soon as practicable after the closing of the Bookbuild (expected to be 7 a.m. on 26 November 2021). The Placing and the Open Offer are not underwritten.

The Fundraise is conditional on, *inter alia*, the passing of the Resolutions by the Shareholders at the General Meeting to be held at 10.30 a.m. on 15 December 2021 at Magdalen Centre, Robert Robinson Avenue, The Oxford Science Park, Oxford OX4 4GA. The Placing is not conditional on the Open Offer, but the Open Offer is conditional upon completion of the Placing. Should Shareholder approval not be obtained at the General Meeting, neither the Placing nor the Open Offer will proceed.

Set out below in Appendix I is an adapted extract from the draft Circular that is proposed to be sent to Shareholders after the closure of the Bookbuild and which provides further information on the Company, the Placing and the Open Offer. The final Circular, containing the terms and conditions of the Open Offer and Notice of General Meeting will be sent to Shareholders and published on the Company's website on or around 29 November 2021.

The capitalised terms not otherwise defined in the text of this Announcement are defined in Appendix III and the expected timetable of the principal events is set out in Appendix IV.

This summary should be read in conjunction with the full text of the following announcement.

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Notes to Editors

Velocys is an AIM-quoted, international sustainable fuels technology company, traded on the AIM, providing clients with a technology solution to enable the production of negative Carbon Intensity synthetic, drop-in fuels from a variety of waste materials. SAF ('Sustainable Aviation Fuel') is the only commercially available, permanent alternative to fossil aviation fuels.

The technology is IP-protected in all major jurisdictions.

Two reference projects in the US and UK (Bayou Fuels and Altalto) are designed to accelerate the adoption and standardise the Velocys proprietary Fischer Tropsch (FT) technology with an integrated end to end solution, including renewable power and sequestration. Velocys is enabling commercial scale SAF production in response to the clean energy transition.

Velocys technology pathway is enabling the next generation of low carbon sustainable fuels with significant additional positive air quality impacts.

www.velocys.com

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IMPORTANT NOTICE

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The New Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act") and may not be offered, sold directly or indirectly, in or into the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act. There will not be any public offering of the New Ordinary Shares in the United States.

The contents of this Announcement have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Placing. If you are in any doubt about any of the contents of this Announcement, you should obtain independent professional advice. This is not an offer to the public and the Placing Documents (as defined below) will not be registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) or any other applicable ordinance in Hong Kong.

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APPENDIX I

The Fundraise

1. Introduction

The Company proposes to raise, subject to certain conditions: (i) approximately £25 million (before expenses) in aggregate by way of a conditional placing at a placing price of 8 pence per share to certain institutional and other investors; and (ii) up to £2 million (before expenses) by way of an Open Offer made to Eligible Shareholders of up to 25,076,613 Open Offer Shares at a price of 8 pence per share. The Placing Price represents a discount of 8.6 percent. to the closing mid-market price of the Ordinary Shares as at 24 November 2021 of 8.75 pence per Ordinary Share.

The Directors intend to use the net proceeds raised by the Placing and Open Offer to accelerate the delivery of the Group's technology, including through *inter alia* strengthening the Group's business development activities, scale up of the Group's reactor manufacturing capabilities and advancing the Group's technology Reference Projects (the Bayou Fuels Project in Mississippi, US and the Altalto Immingham Project in the UK) through to third party financing. Importantly the Directors believe the net proceeds raised by the Placing and Open Offer provide a line of sight to Velocys achieving net positive cash flow during 2024. Further details on the use of proceeds are set out below. The Fundraise follows the Group's recent announcements that it has secured its first Sustainable Aviation Fuel ("SAF") offtake agreement with Southwest Airlines together with an MOU for an offtake with IAG for 100 percent. of the SAF and the environmental credits to be produced and generated from the Bayou Fuels Project. Third party financing for the final engineering phase of the Bayou Fuels Project is targeted to occur in the first half of 2022 which is expected to lead to a significant dilution of the Group's stake in the project.

The Placing and the Open Offer are conditional upon (amongst other things) the passing of certain resolutions in order to ensure that the Directors have the necessary authorities and powers to allot the New Ordinary Shares. A General Meeting is therefore being convened for the purpose of considering the Resolutions at 10:30 a.m. on 15 December 2021 at Magdalen Centre, Robert Robinson Avenue, The Oxford Science Park, Oxford OX4 4GA. The Notice of General Meeting is set out at the end of the Circular. The Placing and the Open Offer are also conditional on the Placing Agreement between the Company, Panmure Gordon and Shore Capital becoming unconditional and not being terminated in accordance with its terms. The Placing and the Open Offer are not underwritten.

2. Information on the Company

(a) Overview of the Company

The Company is an international sustainable fuels technology company, providing clients with one of the most sustainable routes to the economic production of drop-in SAF from a variety of waste materials. Velocys operates a capital light and scaleable licencing model offering a technology solution for the development of synthetic sustainable fuels manufacturing via its proprietary patented micro-channel Fischer-Tropsch reactors and comprehensive biorefinery integrated technology package.

Velocys has a number of third party clients to whom it supplies its technology to; in addition Velocys is developing two full-scale biorefinery Reference Projects, the Bayou Fuels Project in Mississippi, US and the Altalto Immingham Project in the UK. The Reference Projects are being developed to accelerate adoption of the Group's technology and, following the completion of third party construction capital project financing and commencement of the detailed engineering stage of these projects, the Reference Projects are expected to generate significant technology licensing revenue for the Group.

The Group has recently signed a 15 year fixed price offtake agreement with Southwest Airlines and an MOU for a 10 year fixed price offtake with IAG for in aggregate 100 per cent. of the SAF produced and environmental credits generated from the Bayou Fuels Project. The Directors believe that these offtake agreements further validate the demand for the Group's technology and will significantly de-risk the Bayou Fuels Project which should enable construction capital financing of the project. Through the combination of biogenic feedstock,

planned renewable power supply and carbon capture and storage (both currently in the feasibility phase), Velocys' micro-channel Fischer-Tropsch reactors and comprehensive biorefinery integrated technology package will enable the commercial-scale production of SAF at the Bayou Fuels Project with a strongly negative carbon intensity of down to -144g CO₂e/MJ, which is expected to achieve a total of 8.7 million tonnes of avoided CO₂ over the term of the contracts.

The Group's technology has been commercially demonstrated through several customer projects: in 2017 a first commercial demonstration plant (the ENVIA plant, located in Oklahoma, US) using two of the Group's full-scale Fischer-Tropsch reactors and catalyst was completed and subsequently produced a fuel output that qualified under the Renewable Fuels Standard and was sold to commercial clients. Subsequently, construction of the NEDO I biomass demonstration project in Japan was successfully completed in late 2020 using the Group's propriety Fischer-Tropsch technology. 3,000 litres of fuel from NEDO I were used in a Japan Airlines scheduled commercial flight in June 2021 becoming the first such flight using SAF derived from woodchips feedstock at any scale. Further details of these commercial demonstration plants are provided below.

The Group is focused on accelerating delivery of Velocys' technology and driving revenue opportunities.

(b) ***Technology overview***

The Group's technology uses the Fischer-Tropsch process to convert a pure carbon monoxide and hydrogen syngas via a catalytic chemical reaction into Fischer-Tropsch products which are subsequently upgraded into fuels. The technology enables an economic conversion of a wide range of low or negative-cost, abundant sustainable feedstocks (including, but not limited to, woody biomass residue or municipal solid waste that would otherwise go to landfill or incineration) into high value sustainable fuels such as SAF. These fuels qualify for decarbonisation credits in both the United States (under the Renewable Fuels Standard) and in the United Kingdom (under the Renewable Transport Fuels Obligations). These fuels provide for particulates reductions by up to 90 per cent. and greenhouse gas emissions reductions by up to 70 per cent. or over 150 per cent. when carbon capture and storage ("CCS") is incorporated within the biorefinery.

The fuels are designed to "drop-in" and to be blended with conventional fossil fuels, fully leveraging existing aircraft engines and logistics infrastructure and are American Society for Testing and Materials approved for blending with Jet A-1 at up to 50 per cent. No adaptation is therefore required to airport infrastructure or aeroplane engines.

Although Fischer-Tropsch has been used for decades, Velocys has developed a highly reactive catalyst and a bespoke reactor to be used in an innovative way to manufacture sustainable fuels. Velocys' proprietary Fischer-Tropsch technology comprises microchannel Fischer-Tropsch reactor cores, containing a highly active Fischer-Tropsch catalyst made by Velocys' proprietary organic matrix combustion which are contained within a pressure containment vessel/reactor. Velocys' technology provides the unique combination of microchannel reactors and nanocatalyst technology that allows an 8-10 fold increase in the speed of chemical reactions compared with conventional Fischer-Tropsch technology, and therefore much smaller reactors for any given volume of throughput.

The technology is developed in-house by Velocys and is protected by a wide range of patents and trademarks across multiple key jurisdictions. The catalysts are manufactured at commercial scale by sub-contractors in the US under strict Velocys supervision. The reactor cores have previously been manufactured by subcontractors in the US using manufacturing equipment designed and owned by Velocys, however the Company intends to use some of the proceeds from the Fundraise to improve the automation and the capacity of this manufacturing by bringing final assembly, testing and quality control in-house to a specially designed Company controlled facility in Ohio while using qualified external contractors for standard components and sub-assemblies.

(c) ***Market overview***

Commercial aviation is responsible for about 13 per cent. of transportation greenhouse gas ("**GHG**") emissions. The aviation industry seeks to reduce its GHG emissions significantly, decoupling airline growth from carbon growth. Purchasing fuel is the primary operating cost for airlines. SAF represents a significant global opportunity, with the value of decarbonisation far exceeding the value of the fuel where there is appropriate policy support for SAF. The International Air Transport Association ("**IATA**") has committed to net-zero carbon emissions by 2050, requiring 450 billion litres of SAF to meet these net-zero commitments. However, supply is extremely limited – current annual

production is approximately 100 million litres. Electric and hydrogen are not considered current or short-to-medium term viable solutions for long haul flights. SAF is a “drop-in” fuel that requires no modifications to engines or infrastructure and can still meet international specifications (i.e., ASTM D7566), a provision under D7566 allows any fuel meeting the specifications to be reidentified as a conventional fuel. With this inclusion, any SAF can be seamlessly integrated into the fuel delivery infrastructure without the need for separate tracking or regulatory approval, so providing the most viable option to help achieve the net-zero commitments by 2050.

The Directors believe that the inevitable scale up in production of SAF and the growing number of government mandates will make the use of SAF widespread. The US has very competitive carbon incentives through its existing Federal Renewable Fuel Standard (“RFS”) and the Low Carbon Fuels Standard (“LCFS”) in California, together with the SAF Blenders Tax Credit which is currently in progress through the Senate as part of the Sustainable Skies Act and the Build Back Better legislation. There is also \$4.3 billion funding for SAF projects aiming to increase production to 120 billion litres. In the UK, the Government's Net Zero Strategy includes developing a SAF mandate to enable delivery of 10 per cent. SAF by 2030 with a £180 million funding commitment to support development of SAF biorefineries. The Green Fuels Green Skies grant initiative (of which Velocys is a recipient) has made available £15 million in grant awards and has on-going support from the Department for Transport. IATA’s net-zero carbon emissions commitment, aligns with the Paris Agreement for global warming to not exceed 1.5°C. The EU have proposed to set SAF blending mandates via the ReFuelEU proposal published in July 2021. These Directors believe that these would likely be set at 2 per cent. by 2025, 5 per cent. by 2030 and 32 per cent. by 2040. The International Civil Aviation Organisation (“ICAO”) has introduced Carbon Offsetting and Reduction Scheme for International Aviation (“CORSA”) as a global mandate for decarbonisation of aviation and the Japanese Government has backed ventures launched to progress commercial scale SAF production.

The Directors believe that there are a number of benefits of Velocys' conversion pathway. The Fischer-Tropsch Synthesised Paraffinic Kerosene (“SPK”) route is the most established of the seven approved technical pathways under ASTM D7566, which allows the flexible use of large-volume, low-cost sustainable feedstocks (such as woody biomass residue and municipal solid waste) and generates clean burning, low carbon sustainable fuels. Velocys' standardised solution can ultimately also lead to a reduced cost of capital for clients when eligible for non-recourse project finance and can lead to sustainable local production and distribution of fuel, resulting in increased self-sufficiency and reduced reliance on fuel imports for the host country.

Expected demand for SAF in Europe and the US, based on the EU's latest proposals and current incentives in the United States is expected to reach 3.7 billion litres per year by 2025, equivalent to 2 per cent. of global jet fuel demand and the equivalent of the output from 28 reference plants. By 2030, demand for SAF is expected to rise to 10.3 billion litres per year, equivalent to 5 per cent. of global jet fuel supply and the equivalent of the output from 78 reference plants. By 2040, demand for SAF is expected to rise further to 77.6 billion litres per year, equivalent to 32 per cent. of global jet fuel supply and the equivalent of the output from 600 reference plants.

Velocys' ambition is to capture 5-7 per cent. of the long term market share of the demand this will create for proven SAF technology. The Group has an active and growing pipeline of clients and projects. In 2025, the Directors expect that one of the Group's clients will be in commercial scale operation and three of the Group's clients will be at an advanced stage of construction. At this stage, the Group is aiming to have total design capacity of 230 million litres per year, equivalent to 6 per cent. of expected demand for SAF. By 2030, the Directors reasonably anticipate that 12 plants will have been completed by the Group's clients, delivering a capacity to meet 15 per cent. of the expected demand for SAF. By 2040, the Directors currently forecast that up to 45 plants will have been completed by the Group's clients with capacity to produce between 3.5 and 5 billion litres, equivalent to between 5 per cent. and 7 per cent. of the expected demand for SAF.

(d) ***Business model***

The Group has a hybrid, capital-light business model, focusing on delivering Fischer-Tropsch reactors and catalysts to global clients under site-licence agreements and providing engineering services over the course of the 25 year expected lifetime of the assets. Some of Velocys' clients require the Fischer-Tropsch Technology Island (“FTI”, further details of which are provided in the table below) only such as Red Rock Biofuels LLC (“RRB”) in Oregon, US and Toyo Engineering in Japan. Velocys also offers its clients a full end-to-end solution for the conversion of solid sustainable feedstocks to SAF via its so called “Integrated Technology Package” (“ITP”). The Group's two biorefinery Reference Projects (the Bayou Fuels Project and the Altalto Immingham Project) are designed to accelerate the end-to-end technology adoption as well as providing a source of future revenue to the Group. To date the Group's technology is already commercially referenced through its contracts with RRB in Oregon, US and a consortium

including Toyo in Japan. The Group's Fischer-Tropsch Technology Island has been further demonstrated at commercial scale by the ENVIA plant in Oklahoma during 2017 and 2018.

The Group's revenue comprises a combination of upfront fees and recurring fees as follows:

	Fischer-Tropsch Technology Island ("FTI")	Integrated Technology Package ("ITP")
Upfront fees	<ul style="list-style-type: none"> • Technology licence fees • Reactor sales • Engineering fees 	<ul style="list-style-type: none"> • Technology licence fees • Reactor sales • Engineering fees • Commissioning and start up • Optimisation fees
Recurring fees	<ul style="list-style-type: none"> • Catalyst sales and replacement 	<ul style="list-style-type: none"> • Catalyst sales and replacement • Decarbonisation royalties

In 2021, Velocys recognised revenue of £8.2 million following the delivery of reactors and catalysts to RRB in Oregon and completion of its contractual obligations under the contract with RRB awarded in 2017.

The Group is building a growing pipeline of international clients that are developing biorefineries. This includes developing its existing relationships such as with Toyo in Japan, and pursuing new project opportunities. In 2021 Velocys signed a collaboration agreement with Toyo to start development of their commercial scale biomass-to-jet fuel project along with other renewable fuel opportunities. The Group is also undertaking a number of pre-feasibility studies with potential plant owners to ascertain the potential for projects to move into pre-detailed engineering and project development.

Further information on the Group's existing projects is provided below.

Revenue opportunity

For illustrative purposes to demonstrate the revenue opportunity for Velocys, the expected net present value to Velocys per a standard size contracted biorefinery client with 16 reactors producing a capacity of 115 million litres per year is \$89 million, using a discount rate of 8 per cent. This estimate comprises upfront and recurring revenues from the proprietary reactors and catalysts, fees from engineering and commissioning services, technology licence fees, optimisation fees and decarbonisation royalties. By way of illustration, the potential profile of revenue streams of a typical ITP project are provided below. (All values are indicative, based on Velocys internal/proprietary information, which has not been verified by any independent source, unless specifically noted. The values have been provided for illustrative purposes only and are not an indication of future revenues.)

Pre-construction phase (years 1-2)

- Year 1: engineering fees (c.US\$1.5 million); and
- Year 2: technology licence fee (c. US\$3 million) and engineering fees (c.US\$2.5 million).

Financial close (year 3)

- Technology licence fee (c.US\$ 1.8 million), engineering fees (c.US\$1.5 million) and reactor and catalyst sales (c.US\$ 18 million).

Construction phase (years 3-4)

- Year 4: reactor and catalyst sales (c.US\$14.4 million); and

- Year 5: technology licence fee (c.US\$1.3 million), engineering fees (c.US\$1 million) and reactor and catalyst sales (c.US\$ 3.9 million).

Commercial operations phase (years 6-25)

- Catalyst regeneration service and catalyst sales (c.US\$6.3 million every year) and decarbonisation royalties (c.US\$6.7 million annually).

Growth strategy

Velocys' growth strategy is to:

- strengthen its business development function to grow its client pipeline;
- invest in the scale-up of its reactor manufacturing capacity;
- capitalise on strategic alliances with its technology partners to further enhance the Group's standardised integrated solution;
- accelerate its collaborations with technology partners and to outsource standardised activities to remain capital light;
- target geographical markets where the regulatory environment and/or pricing economies create the highest value opportunities for its clients; and
- expand engineering and technical resources to support its clients' needs from feasibility stage to detailed engineering.

The Directors reasonably believe the growth strategy will enable the Group to have 12 clients with completed plants by 2030 with capacity to reach up to 15 per cent. of expected SAF demand with potential additional significant growth projected beyond this - the Directors currently forecast that up to 45 plants will have been completed by the Group's clients by 2040.

(e) ***Bayou Fuels Project in Mississippi, US: reference project***

Overview

In October 2017, the Group signed a site option agreement with Adams County in the State of Mississippi for a biorefinery facility to be located in Natchez, Mississippi and secured total site incentives of approximately \$60 million. The Bayou Fuels Project will produce SAF for airline transportation in the US from the paper and lumber industries including woody biomass forest residue that would otherwise rot on the forest floor.

On 19 November 2021 the US House of Representatives passed a bill that provides a SAF Blenders Tax Credit, which will be worth \$1.75/gallon for the SAF produced from the Bayou Fuels Project. The US administration has recently announced additional policy incentives to accelerate the production of SAF, with up to \$5 per gallon by way of federal producer tax credit available from 2027, which would replace the SAF Blenders Tax Credit.

The Group intends to commence a structured, competitive process to secure the necessary development capital investment by one or more strategic partners in the first half of 2022. The Group expects one or more clients to finance and own the construction of the Bayou Fuels Project with the terms of the financing determining Velocys' interests in the project post-financing. Potential scenarios include, inter alia, Velocys retaining a minority interest in the project or converting its interest into a "decarbonisation royalty" or receiving a development fee.

In September 2019, Velocys entered into a non-binding agreement with Oxy Low Carbon Ventures to capture the biogenic CO₂ generated by the plant and securely store it underground permanently: so called, CO₂ sequestration. This in combination with the use of biogenic feedstock, planned renewable power supply and Velocys' carbon mitigation technology has the capacity to generate a carbon intensity score of -144g CO₂e/MJ for the plant's SAF output, which is highly desirable for purchasers of the products and significantly improves decarbonisation credit revenues further.

In June 2021, the Group announced the execution of a strategic framework agreement with Koch Project Solutions, a subsidiary of Koch Engineered Solutions, who have been engaged to provide a full cost and schedule guarantee for the project.

Offtake agreements

Multi-year offtake contracts have been agreed, covering 100 per cent. of the SAF expected to be produced by the biorefinery plant.

(i) Offtake agreement with Southwest Airlines

On 10 November 2021, Velocys Renewables LLC entered into its first offtake agreement for the SAF to be produced by the project with Southwest Airlines, America's largest domestic airline. The agreement covers the purchase by Southwest Airlines of an expected 219 million gallons of SAF at a fixed price and floor price for greenhouse gas credits, over a fifteen-year term from 2026, when the biorefinery is scheduled to begin commercial delivery of fuel. After blending, this is expected to produce approximately 575 million gallons of net zero SAF.

This offtake agreement covers two thirds of the project facility's planned production and de-risks up to \$2 billion revenues over the life of the contract. Each gallon of SAF generated by the project is expected to generate tradable greenhouse gas credits for which Southwest Airlines guarantees a minimum price payable to the project (included in the fuel fixed price), de-risking a significant proportion of the revenue stream to the project. The project may additionally benefit from the value of greenhouse gas credits if sold above the minimum price underwritten by Southwest Airlines.

Southwest Airlines and Velocys have also, as part of the offtake agreement, agreed to a long-term strategic alliance for future US-based biorefineries in which Velocys may be involved with the right for Southwest Airlines to purchase significant volumes of SAF from such facilities.

The offtake agreement is subject to certain customary conditions precedent including completion of satisfactory financing for the project's front-end engineering and design phase and certain construction milestones, eligibility for greenhouse gas credits as well as the enactment of the proposed SAFs tax credit legislation.

(ii) Offtake memorandum of understanding with IAG

On 10 November 2021, Velocys Renewables LLC entered into a non-binding memorandum of understanding for the offtake of SAF to be produced at the project with International Consolidated Airlines Group S.A. ("**IAG**").

This covers the purchase by IAG's constituent airlines, which includes British Airways, Aer Lingus and Iberia amongst others, of an expected 73 million gallons of SAF, in aggregate, at a fixed price. After blending, this is expected to produce the equivalent of approximately 192 million gallons of net zero SAF during the term of the agreement, which will last for ten years from the expected commencement date of operation of the project in 2026. This represents one third of the facility's planned annual output and complements the binding offtake agreement for the remaining two thirds annual output entered into on the same date with Southwest Airlines as described above.

The intention of the parties is to convert the memorandum of understanding, which includes all material terms for the offtake, into a binding agreement as soon as possible within the next six months. The memorandum of understanding also includes an option for IAG to invest in the project development phases.

The fixed price fuel purchase agreement includes a price support mechanism by IAG for the greenhouse gas credits associated with the SAF production. As a result, the agreement is expected to generate revenues of over \$800 million to the project and achieve an estimated total of 2.2 million tonnes of avoided CO₂ over the term of the offtake.

Future milestones

Initial engineering for the project has commenced, with detailed engineering expected to commence in 2022. Signature of the final commercial agreements for the project, FID and financial close is expected in 2023,

following which plant construction is expected to commence in 2024. Construction is targeted to be completed early in 2026 followed by plant commissioning and start up, with full scale commercial operations targeted to commence in 2027.

(f) ***Altalto Immingham Project in Immingham, UK: reference project***

Overview

In September 2017, the Group entered into a joint development agreement with various parties as detailed below to execute a feasibility study for a commercial scale waste-to-sustainable fuels plant in the United Kingdom. The plant will take household and commercial waste which, after recyclates have been removed, would be destined for landfill or incineration, and instead convert that waste into clean-burning SAF and naphtha. The commercial co-sponsor of the project is British Airways.

Funding history and securing the site

The initial feasibility stage of the project was successfully completed in June 2018. At that time, £4.9 million of funding was secured from the partners, including Velocys, to deliver the next development phase of the project. British Airways and Shell subsequently committed a further £3.8 million of funding in aggregate to cover the remaining development work. This included completion of initial engineering work, planning and permitting, utilities supplies and detailed engineering preparation. Velocys continues to execute all the work to progress the project in line with the joint development agreement. In January 2021 Shell withdrew from the project, formally relinquishing all interests in the project. As part of the funding package in June 2018, a grant of £0.4 million was secured from the UK Department for Transport under the Future Fuels for Flight and Freight Competition, and a further grant of £0.5 million was made in June 2020.

On 18 December 2018, a site was secured for the project. The site, of approximately 80 acres, near Immingham, North East Lincolnshire, is within an enterprise zone and earmarked for industrial development within the local development plan. Planning consent for the Development was granted subject to conditions in May 2020. Access to the site is by way of an option agreement, entered into by Altalto Immingham Ltd ("**Altalto**"), a subsidiary of Velocys, on 18 December 2018. The agreement gives Altalto the right, for a three-year period, to acquire Rula Developments (Immingham) Limited ("**Rula**"), the company which owns the site, from its current shareholders. The option period ends in December 2021 and Velocys has concluded in principle a transaction with the owners of Rula, which would lead to a £2.5 million part-payment (by the parties to the joint development agreement) of the consideration for the site to secure control of it. Concurrently Velocys is discussing the purchase of Rula by a third party who would become the landlord for Altalto. The decision as to whether to proceed with the acquisition of the Immingham site will be made as part of the project's final investment decision, which is dependent on progress of UK government policy. In the event that the Group, in consultation with its co-commercial sponsor, British Airways, decides not to proceed with the acquisition of the site, the residual liabilities that may be incurred by the Group as a result are not expected to be material to Velocys.

On 1 September 2021, it was announced that the Company would be the recipient of a grant up to the value of £2.4 million for the Altalto Immingham Project. The Grant is issued by the UK Department for Transport under the Green Fuels, Green Skies Competition and is to be deployed in progressing project development work. All funds are expected to be received by the end of June 2022 for all work that is incurred and paid for by the end of March 2022. Any work not completed by the end of March 2022 will not receive any grant funding under this competition so will either be stopped or have to be paid for by the Altalto shareholders.

Future milestones

The first geotechnical work is ongoing, and detailed engineering is expected to commence in 2023. Financial close is expected in 2024, with construction of the plant being targeted to commence in 2024 and to be completed by mid-2026, following which commissioning and startup will commence in 2027 with full scale commercial operation expected in 2027.

(g) ***Current revenue generating client: Toyo, Nagoya, Japan***

On 18 September 2019, the Group and Toyo entered into agreements in relation to a pilot plant for generating SAF using woody biomass feedstock, as part of a project funded by the Japanese government (the NEDO I project,

in Nagoya, Japan). The project involves Toyo, Mitsubishi Hitachi Power Systems, Chubu Electric Power and the Japan Aerospace Exploration Agency. Under the agreements, Toyo has paid a total of \$4 million to the Group in two tranches: \$0.5 million which has already been received by the Group as a non-refundable deposit, with the remaining \$3.5 million paid into escrow.

In December 2019, Velocys delivered a pilot scale Fischer-Tropsch reactor and catalyst to Toyo which was used in the NEDO I demonstration project during 2020. The Directors believe that the relationship with Toyo provides recognition of Velocys' technology as one of the core elements to the ability to produce synthetic jet fuel which meets the Japanese quality standards. Following the successful completion of the NEDO I demonstration, on 8 February 2021, Velocys entered a collaboration agreement with Toyo to begin the development of a commercial project to produce SAF and other renewable fuels in Japan – the NEDO II biomass to sustainable aviation fuels plant. Initial engineering of the NEDO II plant has commenced, with detailed engineering expected in 2022. Financial close is expected in 2023, with construction in 2024 and 2025, commissioning and start up in 2026, and full-scale commercial operations expected at the end of 2026. The NEDO II project is expected to be similar in scale to the RRB biorefinery, details of which are set out below.

On 25 August 2021, it was announced that the Group's Fischer-Tropsch technology has been selected for an e-fuels project by Toyo Engineering Corporation and its consortium of six leading Japanese companies, including Toshiba Energy Systems & Solutions Corporation, Toshiba Corporation, Idemitsu Kosan Co., Ltd., Japan CCS Co., Ltd., and All Nippon Airways Co., Ltd. These six companies are being commissioned by the Ministry of the Environment, Government of Japan jointly to commence a demonstration project to convert carbon gasses and hydrogen directly into SAF.

(h) ***Current revenue generating client: Red Rock Biofuels, Oregon, USA***

In May 2018, Velocys received a "notice to proceed" to commence manufacturing of Fischer-Tropsch reactors and catalysts for the RRB biorefinery that will be located in Lakeview, Oregon, USA. RRB has commenced construction of the biorefinery, which will incorporate Velocys' technology, and produce low-carbon, renewable diesel and jet fuel from woody biomass. Velocys' role in this project is as a licensor for its Fischer-Tropsch technology to be used for the project as the central processing unit.

The expected output of the biorefinery in Lakeview is approximately 15 million gallons per year of renewable transportation fuels including diesel and jet fuel. RRB has in place contracts from several airlines to purchase 100 per cent. of the jet fuel produced each year.

Velocys delivered four Fischer-Tropsch reactors to RRB in the first half of 2020 and completed the loading of catalyst into the reactors in December 2020. In the first half of 2021 Velocys was able to demonstrate that it had completed all contractual obligations to RRB and thereby recognised £8.2m of revenue resulting in £3.3m gross profit.

(i) ***Completed demonstration project in Oklahoma: ENVIA joint venture***

In September 2016, construction of the first demonstration plant incorporating the Group's Fischer-Tropsch technology was completed and commercial scale catalyst loading was proven. In February 2017, the first Fischer-Tropsch product was successfully produced and, in June 2017, the first finished products (being renewable waxes, diesel and naphtha) were produced. In September 2017, the plant generated revenue for the first time. In October 2017, the plant achieved an operational capacity of 200 barrels per day and, in early 2018, Q-RIN qualification under the Renewable Fuels Standard was achieved, validating the pathway. The ENVIA plant completed the demonstration of the Velocys Fischer-Tropsch technology and was the culmination of 17 years of development and testing, with over 5,000 hours of cumulative runtime achieved across the two full-scale Velocys Fischer-Tropsch reactors, stress testing the plant's equipment and technology under various conditions. In total, 1.6 million litres of finished fuel and wax were delivered by the plant.

In May 2018, a gas-leak was detected at the ENVIA plant and the plant was safely temporarily put in recycling mode. Subsequent investigations found that the ancillary coolant system was the root cause of the leak. The ancillary coolant system was designed by a third party and had no relation to any Velocys technology deployed at the plant. The damaged equipment and loss of commercial revenue was covered under ENVIA's commercial insurance policies. On 10 September 2018, operations at the ENVIA demonstration plant were suspended and the decision was taken by Velocys that it had accumulated a sufficient number of operating hours on the two

licensed commercial scale Fischer-Tropsch reactors for the demonstration to be considered completed. Following the winding down of the ENVIA joint venture, the Group has been conducting an extensive and valuable post-operative analysis of the reactors and catalyst. This post-operative analysis is under way, and the results generated will be incorporated by Velocys in even more comprehensive instructions to its clients regarding the operation of its catalyst and reactors under a wide range of conditions, showing the benefit from the knowledge accumulated from the demonstration plant in Oklahoma.

3. **Current Trading**

On 23 September 2021 Velocys announced its interim results for the six months to 30 June 2021, demonstrating that the Group has achieved an important milestone, recognising £8.2m of revenue and £3.3m gross profit for the first half of 2021 from our first major commercial customer contract with RRB. The downwards trend in the Group's operating loss continued, declining to £2.0m in HY2021 from £2.6m in HY2020 (£5.2m in HY2019 and £11.0m in 2018). This has shown the determination by the Group to control its spending whilst also delivering to our customers and progressing the two Reference Projects.

Financial highlights

- Revenue of £8.2m (HY2020: £0.2m), mainly from licensing fees and sales of reactors and catalyst for customer contract awarded in 2017.
- Gross profit of £3.3m (HY2020: £0.1m).
- Operating loss of £2.0m (HY2020: £2.6m).
- Cash at period end of £8.3m (31 December 2020: £13.1m).
- Cash outflow of £4.8m (HY2020: cash outflow £3.2m).

4. **Use of Proceeds**

The Directors intend to use the net proceeds from the Fundraise as follows:

- At least £5 million to be used as capital investment in manufacturing capability to enable output of at least 12 reactors per year and in addition the build-up of reactor parts inventory to expedite commissioning of that equipment;
- £5 million to be used as funding to advance the Bayou Fuels Project and the Altalto Immingham Project to the point of securing external investment into the detailed engineering stage;
- £4 million to back process guarantees and equipment warranties to the Group's clients; and
- the balance of the net proceeds of the Fundraise will be used for business development and for general working capital needs and Group running costs over the next two years, with a potential part-payment to secure control of the site for the Altalto Immingham Project.

5. **Principal terms of the Placing**

The Company is conducting a conditional, non-pre-emptive placing of approximately £25 million at the Placing Price. The Placing Shares will be placed by Panmure Gordon and Shore Capital as agents for the Company and pursuant to the Placing Agreement, with institutional and other professional investors.

The Placing Price represents a discount of 8.6 percent. to the closing mid-market price of the Ordinary Shares as at 24 November 2021 of 8.6 pence per Ordinary Share. The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the other Ordinary Shares then in issue, including all rights to all dividends and other distributions declared, made or paid following the relevant Admission.

The VCT Placing is conditional upon (amongst other things):

- (a) the passing of the Resolutions at the General Meeting;
- (b) the Placing Agreement becoming unconditional and the Placing Agreement not having been terminated in accordance with its terms; and
- (c) VCT Admission occurring on or before 16 December 2021 (or such later date as Panmure Gordon, Shore Capital and the Company may agree, not being later than 31 December 2021).

The General Placing is conditional upon (amongst other things):

- (a) the passing of the Resolutions at the General Meeting;
- (b) the Placing Agreement becoming unconditional and the Placing Agreement not having been terminated in accordance with its terms; and
- (c) General Admission occurring on or before 17 December 2021 (or such later date as Panmure Gordon, Shore Capital and the Company may agree, not being later than 31 December 2021).

Shareholders should note that it is possible that VCT Admission occurs but General Admission does not occur. General Admission is conditional on VCT Admission occurring. If VCT Admission and General Admission do not occur then the Company will not receive the relevant net proceeds in respect of VCT Admission and General Admission and the Company may not be able to finance the activities referred to in the Circular.

The Placing Agreement contains warranties from the Company in favour of Panmure Gordon and Shore Capital in relation to (amongst other things) the Company and its business. In addition, the Company has agreed to indemnify Panmure Gordon and Shore Capital in relation to certain liabilities it may incur in undertaking the Placing. Panmure Gordon and Shore Capital have the right to terminate the Placing Agreement in certain circumstances prior to General Admission, in particular, it may terminate in the event that there has been a material breach of any of the warranties or for *force majeure* (and other introducers and placing agents also have the right to terminate their agreements in certain circumstances).

The Company believes that the VCT Shares will rank as a qualifying holding for the purposes of investment by VCTs. However, no assurance has been obtained from HMRC or any other person that a subscription for VCT Shares is a qualifying holding for the purpose of investment by VCTs.

None of the Directors or the Company give any warranty or undertaking that any VCT investment in the Company is a qualifying holding, or that VCT qualifying status will not be withdrawn, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status or the status of any investment in Ordinary Shares. Investors considering taking advantage of any of the reliefs available to VCTs should seek their own professional advice in order that they may fully understand how the rules apply in their individual circumstances and what they are required to do in order to claim any reliefs (if available). As the rules governing VCT reliefs are complex and interrelated with other legislation, if any potential investors are in any doubt as to their tax position, require more detailed information than the general outline above, or are subject to tax in a jurisdiction other than the UK, they should consult their professional advisers.

Application will be made for the VCT Shares and the General Placing Shares to be admitted to trading on AIM. It is expected that trading in the VCT Shares will commence at 8.00 a.m. on 16 December 2021 and that trading in the General Placing Shares will commence at 8.00 a.m. on 17 December 2021.

It is expected that certain Directors in the Company intend to subscribe for New Ordinary Shares through the Placing for an aggregate amount of at least approximately £50,000. Further details will be announced as appropriate in due course.

6. Principal terms of the Open Offer

The Company considers it important that, where reasonably practicable, Shareholders have an opportunity to participate in its equity fundraisings. Accordingly, the Company intends to raise up to approximately £2 million (before expenses) by way of the Open Offer.

The Open Offer has been structured such that the maximum amount that can be raised by the Company under the Open Offer will not exceed the sterling equivalent of €8 million. The limit of approximately £2 million for the Open Offer has been set to allow existing Shareholders to participate in the fundraise, taking into account the dilution of Shareholders not able to participate in respect of the Placing and the capital needs of the Company. The maximum aggregate limit of the Open Offer also ensures that the Company is not required to produce an approved prospectus pursuant to section 85 of FSMA. The issue of a prospectus would considerably increase the costs of the fundraising and it would take much longer to complete, as any such prospectus would require the prior approval of the FCA.

On and subject to the terms and conditions of the Open Offer, the Company invites Eligible Shareholders, being Shareholders who are resident in the United Kingdom only on the Ex-Entitlement Date, to apply for their Basic Entitlement of Open Offer Shares at the Placing Price. Each Eligible Shareholder's Basic Entitlement has been calculated on the basis of 2 Open Offer Shares for every 85 Existing Ordinary Shares held at the Record Date.

Eligible Shareholders are also invited to apply for additional Open Offer Shares in accordance with the Excess Entitlement. Any Open Offer Shares not issued to an Eligible Shareholder pursuant to their Basic Entitlement will be apportioned between those Eligible Shareholders who have applied for the Excess Entitlement at the sole discretion of the Board, provided that no Eligible Shareholder shall be required to subscribe for more Open Offer Shares than they have specified on the Application Form or through CREST.

The Open Offer is conditional upon (amongst other things):

- (a) the passing of the Resolutions at the General Meeting;
- (b) the Placing Agreement becoming unconditional and the Placing Agreement not having been terminated in accordance with its terms; and
- (c) General Admission occurring on or before 17 December 2021 (or such later date as Panmure Gordon, Shore Capital and the Company may agree, not being later than 31 December 2021).

The Open Offer Shares have not been and are not intended to be registered or qualified for sale in any jurisdiction other than the United Kingdom. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to existing Shareholders with registered addresses in any jurisdiction other than the United Kingdom since to do so would require compliance with the relevant securities laws of that jurisdiction. Applications from any such person will be deemed to be invalid. If an Application Form is received by any Shareholder whose registered address is elsewhere but who is in fact a resident or domiciled in a territory other than the United Kingdom, he/she should not seek to take up his/her allocation.

The Circular contains the full terms and conditions of the Open Offer.

7. Recommendation

The Directors consider that the Fundraise and the Resolutions are in the best interests of the Company and its Shareholders as a whole. The Company is reliant on the net proceeds of the Fundraise to meet its ongoing liquidity requirements and to continue to implement its strategy. If the Resolutions are not passed by Shareholders, the Fundraise will not proceed. In these circumstances, the Directors will need to reconsider the Company's strategy and the Company may need to seek alternative funding, which may not be available on terms which are acceptable to the Company or at all. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions, as they intend to do in respect of their own legal and/or beneficial shareholdings, amounting, in aggregate, to 5,002,723 Ordinary Shares (representing approximately 0.5 per cent. of the Ordinary Shares in the issue as at the date of the Circular).

APPENDIX II

TERMS AND CONDITIONS OF THE PLACING

INTRODUCTION

IMPORTANT INFORMATION FOR PLACEES ONLY REGARDING THE PLACING.

THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX, AND THE INFORMATION IN IT, IS RESTRICTED, AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA, NEW ZEALAND, THE REPUBLIC OF SOUTH AFRICA OR JAPAN ("THE EXCLUDED TERRITORIES") OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEES ONLY.

THE PLACING SHARES THAT ARE THE SUBJECT OF THE PLACING ARE NOT BEING OFFERED OR SOLD TO ANY PERSON IN THE EUROPEAN UNION OR THE UK, OTHER THAN TO QUALIFIED INVESTORS, WHICH INCLUDES LEGAL ENTITIES WHICH ARE REGULATED BY THE FCA OR ENTITIES WHICH ARE NOT SO REGULATED WHOSE CORPORATE PURPOSE IS SOLELY TO INVEST IN SECURITIES.

MEMBERS OF THE PUBLIC IN THE UK OR ELSEWHERE ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS (WITHIN THE MEANING OF THE PROSPECTUS REGULATION (EU) 2017/1129) ("PROSPECTUS REGULATION"); (B) PERSONS IN THE UNITED KINGDOM WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF THE UK VERSION OF THE PROSPECTUS REGULATION WHICH IS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 AS AMENDED AND SUPPLEMENTED (INCLUDING BY THE UK PROSPECTUS AMENDMENT REGULATIONS 2019 AND THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROSPECTUS) REGULATIONS 2019) WHO ALSO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 ("ORDER") (INVESTMENT PROFESSIONALS) OR (II) FALL WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.) AND (C) THOSE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (EACH SUCH PERSONS REFERRED TO ABOVE BEING A "RELEVANT PERSON"). THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THIS APPENDIX, AND THE ANNOUNCEMENT OF WHICH IT FORMS PART, IS FOR INFORMATION PURPOSES ONLY IS NOT INTENDED TO FORM THE BASIS OF ANY INVESTMENT ACTIVITY OR DECISION, AND SHOULD NOT BE CONSIDERED AS A RECOMMENDATION BY THE COMPANY THAT ANY RECIPIENT SHOULD ACQUIRE ANY INTEREST IN THE SHARE CAPITAL OR ANY OTHER INTEREST IN THE COMPANY. IT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. IF YOU ARE IN ANY DOUBT AS TO WHETHER YOU ARE A RELEVANT PERSON YOU SHOULD CONSULT A PROFESSIONAL ADVISER FOR ADVICE.

THIS ANNOUNCEMENT IS NOT AN OFFER FOR SALE OR SUBSCRIPTION IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL UNDER THE SECURITIES LAWS OF ANY SUCH JURISDICTION. THIS ANNOUNCEMENT IS NOT AN OFFER OF OR SOLICITATION TO PURCHASE OR SUBSCRIBE FOR SECURITIES IN THE UNITED STATES. THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE PLACING SHARES ARE BEING OFFERED AND SOLD ONLY (I) OUTSIDE OF THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT ("REGULATION S") AND OTHERWISE IN ACCORDANCE WITH APPLICABLE LAWS AND; (II) IN THE UNITED STATES TO A LIMITED NUMBER OF "QUALIFIED INSTITUTIONAL BUYERS" ("QIB") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THERE WILL BE NO PUBLIC OFFER OF THE SECURITIES MENTIONED HEREIN IN THE UNITED STATES.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN PLACING SHARES. THE PRICE OF THE PLACING SHARES IN THE COMPANY AND THE INCOME FROM THEM (IF ANY) MAY GO DOWN AS WELL AS UP AND INVESTORS MAY NOT GET BACK THE FULL AMOUNT INVESTED ON DISPOSAL OF THE PLACING SHARES.

Placees will be deemed to have read and understood this announcement and these terms and conditions in their entirety and to be making such offer on the terms and conditions and to be providing the representations, warranties, acknowledgements, and undertakings contained in this Appendix. In particular, each such Placee represents warrants and acknowledges that:

1. it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
2. in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, (i) the Placing Shares acquired by it have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State of the EEA or the UK other than Qualified Investors or in circumstances in which the prior consent of the Joint Brokers has been given to the offer or resale; or (ii) where Placing Shares have been acquired by it on behalf of persons in any Member State of the EEA or the UK other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons; and/or
3. except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any person on whose account it is acting) is (a) located outside the United States and is acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S; or (b) is a dealer or other professional fiduciary in the United States acting on a discretionary basis for a non-U.S. Person as defined in and in reliance on Regulation S; or (c) if within the United States, is a QIB .

The Company and the Joint Brokers will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. Neither of the Joint Brokers makes any representation to any Placee regarding an investment in the Placing Shares referred to in this announcement (including this Appendix).

This announcement (including this Appendix) does not constitute an offer and may not be used in connection with an offer, to sell or issue or the solicitation of an offer to buy or subscribe for Placing Shares in any jurisdiction in which such offer or solicitation is or may be unlawful. This announcement (including this Appendix) and the information contained herein is not for publication or distribution, directly or indirectly, to persons in the United States, the Excluded Territories or in any jurisdiction in which such publication or distribution is unlawful. Persons who come into possession of this announcement are required by the Company to inform themselves about and to observe any restrictions of transfer of this announcement. No public offer of securities of the Company under the Placing is being made in the United Kingdom, the United States or any Excluded Territory.

In particular, the Placing Shares referred to in this announcement have not been and will not be registered under the Securities Act or under any laws of, or with any securities regulatory authority of, any state or other jurisdiction of the United States, and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. The Placing Shares are only being offered and sold only (i) outside the United States in offshore transactions as defined in and in accordance with Regulation S ; and (ii) in the United States to a limited number of QIBs pursuant to an exemption from the registration requirements of the Securities Act. Any offer or sale of Placing Shares in the United States will be made only by broker-dealers who are registered as such under the Exchange Act. The Company has not registered and will not be registered under the U.S. Investment Company Act of 1940, as amended.

The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance; and the Placing Shares have not been, nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of any of the Excluded Territories. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the Excluded Territories or any other jurisdiction outside the United Kingdom.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix or the announcement of which it forms part should seek appropriate advice before taking any action.

TIMETABLE FOR THE PLACING

Various dates referred to in this Announcement are stated on the basis of the expected timetable for the Placing. It is possible that some of these dates may be changed. To facilitate the application for VCT relief in respect of the VCT Placing Shares, such shares will be allotted on 15 December 2021 conditional upon Admission becoming effective on 16 December 2021 ("**First Admission**"). The General Placing Shares will be allotted on 15 December 2021, conditional upon Admission becoming effective on 17 December 2021 ("**Second Admission**").

DETAILS OF THE PLACING

The Joint Brokers have entered into the Placing Agreement with the Company under which the Joint Brokers have (severally, and not jointly or jointly and severally), on the terms and subject to the conditions set out therein, undertaken to use their respective reasonable endeavours to procure, as agents for the Company, subscribers for the Placing Shares at the Placing Price.

The Placing Agreement contains customary warranties and indemnities given by the Company to the Joint Brokers as to matters relating to the Company and its business in respect of liabilities arising out of, or in connection with, the Placing.

The Bookbuild is expected to at 8.00 p.m. GMT today, 25 November 2021, but may be closed earlier, or later, at the discretion of the Joint Brokers. The Joint Brokers may, in agreement with the Company, accept bids received after the Bookbuild has closed.

The Joint Brokers (after consultation with the Company and on the basis of allocations agreed between the Company and the Joint Brokers) reserve the right to scale back the number of Placing Shares to be subscribed by any Placee in the event of applications in excess of the target amount under the Placing. The Company and the Joint Brokers also reserve the right not to accept offers to subscribe for Placing Shares or to accept such offer in part rather than in whole. The Joint Brokers shall be entitled to effect the Placing by such method as they shall in their sole discretion determine. To the fullest extent permissible by law, neither of the Joint Brokers nor any holding company of a Joint Broker nor any subsidiary branch or affiliate of a Joint Broker (each an affiliate) nor any person acting on behalf of any of the foregoing shall have any liability to the Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither of the Joint Brokers, nor any affiliate thereof nor any person acting on their respective behalfs shall have any liability to Placees in respect of their conduct of the Bookbuild or the Placing.

Each Placee's obligations will be owed to the Company and to the Joint Brokers. Following the confirmation referred to below in the paragraph entitled "Participation in, and principal terms of, the Placing", each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to the Joint Brokers, to pay to Panmure Gordon or Shore Capital (as the case maybe) (or as they shall each respectively direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares which such Placees has agreed to acquire.

Each Placee and any person acting on behalf of such Placee agrees to indemnify on demand and hold each of the Joint Brokers and the Company, and their respective affiliates harmless from any costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the acknowledgments, undertakings, representations, warranties and agreements set forth in these terms and conditions and any contract note.

The Placing is also conditional upon the Placing Agreement becoming unconditional and the Placing Agreement not being terminated in accordance with its terms. Further details of conditions in relation to the Placing are set out below in the paragraph entitled "Conditions of the Placing". All obligations under the Placing will be subject to the fulfilment of the conditions referred to below in the paragraph entitled "Conditions of the Placing".

To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

APPLICATION FOR ADMISSION TO TRADING

Application will be made to the London Stock Exchange for the First Admission and the Second Admission. It is expected that settlement of the VCT Shares and First Admission will become effective on or around 8.00 a.m. on 16 December 2021 and dealings in the VCT Shares will commence at that time. Settlement of the General Placing Shares and Second Admission is expected to become effective on or around 8.00 a.m. on 17 December 2021 and dealings in the General Placing Shares will commence at that time.

Settlement of transactions in the VCT Shares following First Admission and the General Placing Shares following Second Admission will take place within the system administered by CREST, subject to certain exceptions. The Company reserves the right to require settlement for and delivery of the Placing Shares to Placees in certificated form if either of the Joint Brokers or the Company in its absolute discretion considers this to be necessary or desirable.

PAYMENT FOR SHARES

Each Placee has a separate, irrevocable and binding obligation to pay the Placing Price in cleared funds for the number of Placing Shares duly allocated to the Placee under the Placing in the manner and by the time directed by the Joint Brokers. If any Placee fails to pay as so directed and/or by the time directed, the relevant Placee's application for Placing Shares shall at the Joint Brokers' discretion either be rejected or accepted in which case the paragraph below entitled "Registration and Settlement" shall apply to such application.

PARTICIPATION IN, AND PRINCIPAL TERMS OF, THE PLACING

Each Joint Broker (whether through itself or any of its affiliates) is arranging the Placing as placing agent of the Company and using its reasonable endeavours to procure Placees at the Placing Price for the Placing Shares.

Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Joint Brokers. The Joint Brokers and its affiliates may participate in the Placing as principal.

By participating in the Placing, Placees will be deemed to have read and understood this announcement, including this Appendix, in its entirety and to be participating and making an offer for Placing Shares on the terms and conditions, and to be providing the representations, warranties, acknowledgements, agreements and undertakings contained in this Appendix.

This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

The number of Placing Shares to be issued, and the extent of each Placee's participation in the Placing (which will not necessarily be the same for each Placee), will be agreed between the Joint Brokers and the Company following completion of the bookbuilding process in respect of the Placing (the "**Bookbuild**"). No element of the Placing will be underwritten. The aggregate number of Placing Shares will be announced on a Regulatory Information Service following completion of the Bookbuild.

A Placee's commitment to acquire a fixed number of Placing Shares under the Placing will be agreed orally or by email with a Joint Broker as agent of the Company. Each Placee's allocation will be confirmed to Placees orally or by email by the relevant Joint Broker, and a form of confirmation will be dispatched as soon as possible thereafter. The oral or email confirmation to such Placee will constitute an irrevocable legally binding commitment upon such person (who will at that point become a Placee) in favour of the Joint Brokers and the Company, under which it agrees to acquire the number of Placing Shares allocated to it at the Placing Price on the terms and conditions set out in this Appendix and in accordance with the articles of incorporation of the Company.

Except as required by law or regulation, no press release or other announcement will be made by the Joint Brokers or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.

Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made on the basis explained below under the paragraph entitled "Registration and Settlement".

All obligations under the Placing will be subject to fulfilment or (where applicable) waiver of, amongst other things, the conditions referred to below and to the Placing not being terminated on the basis referred to below.

By participating in the Placing, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.

To the fullest extent permissible by law, none of the Company, the Joint Brokers or any of their respective affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise under these terms and conditions). In particular, none of the Company, the Joint Brokers or any of its respective affiliates shall have any liability (including to the fullest extent permissible by law, any fiduciary duties) in respect of the Joint Brokers' conduct of the Placing. Each Placee acknowledges and agrees that the Company is responsible for the issue of the Placing Shares to the Placees and the Joint Brokers shall have no liability to the Placees for the failure of the Company to fulfil those obligations.

CONDITIONS OF THE PLACING

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

The Joint Brokers' obligations under the Placing Agreement (which are several and not joint, or joint and several) in respect of the VCT Shares are conditional on, inter alia:

1. the Company allotting, subject only to First Admission, the VCT Shares in accordance with the Placing Agreement;
2. First Admission having occurred;
3. the Company having complied with its obligations under the Placing Agreement; and
4. the passing of the Resolutions to be proposed at a general meeting of the Company to be held on or around 15 December 2021, or any adjournment thereof.

The Joint Brokers' obligations under the Placing Agreement (which are several and not joint, or joint and several) in respect of the General Placing Shares are conditional on, inter alia:

1. the VCT Placing Shares being unconditionally allotted and issued to the relevant Placees on First Admission and First Admission having occurred;
2. the Company allotting, subject only to Second Admission, the General Placing Shares in accordance with the Placing Agreement;
3. Second Admission having occurred; and
4. the Company having complied with its obligations under the Placing Agreement.

If (a) any of the conditions contained in the Placing Agreement in relation to the Placing Shares are not fulfilled or waived by the Joint Brokers by the respective time or date where specified (or such later time or date as the Company and the Joint Brokers may agree not being later than 3.00 p.m. on the "Final Date" (being 31 December 2021); or (b) the Placing Agreement is terminated as described below, the Placing in relation to the Placing Shares will lapse and the Placee's rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

Subject to certain exceptions, the Joint Brokers may, at their absolute discretion and upon such terms as they think fit, waive, or extend the period (up to the Final Date) for, compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement. Any such extension or waiver will not affect Placees' commitments as set out in this announcement.

Neither of the Joint Brokers nor the Company shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision they may make as

to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Joint Brokers.

RIGHT TO TERMINATE UNDER THE PLACING AGREEMENT

Either Joint Brokers is entitled, at any time before the Second Admission, to terminate the Placing Agreement by giving notice to the Company in certain circumstances, including, *inter alia*:

1. the Company is in breach of any of its material obligations under the Placing Agreement or cannot comply with such material obligation; or
2. any of the warranties given by the Company to the Joint Brokers under the Placing Agreement is or if repeated at any time up to Admission would cause it to be untrue, inaccurate or misleading in any material respect; or
3. if, amongst other things, there is a substantial change in any national or international political, military, diplomatic, economic, financial or market conditions (including any significant deterioration in response to the COVID-19 pandemic) which in the Joint Broker's opinion (acting in good faith and after such consultation with the Company or the other Joint Broker as shall be practicable in the circumstances) would have or be likely to have a material and adverse effect on the Placing, the Open Offer or dealings in New Ordinary Shares in the secondary market or is of such magnitude to render the Placing or the creation of a market in the New Ordinary Shares temporarily or permanently impracticable or inadvisable; or
4. if it comes to the notice of the Joint Broker that any statement contained in any Placing document become untrue, inaccurate or misleading in any material respect or matters have arisen which would, if the Circular was issued at that time, constitute a material omission therefrom.

Following First Admission, the Placing Agreement is not capable of termination to the extent that it relates to the Placing of VCT Shares. Following Second Admission, the Placing Agreement is not capable of termination to the extent it relates to the Placing of any of the General Placing Shares. For the avoidance of doubt, First Admission is not conditional on Second Admission taking place.

The rights and obligations of the Placees shall terminate only in the circumstances described in these terms and conditions and in the Placing Agreement and will not be subject to termination by the Placee or any prospective Placee at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by a Joint Broker of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of such Joint Broker and that it need not make any reference to Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise or decision not to exercise. Placees will have no rights against the Joint Brokers, the Company or any of their respective directors or employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 (as amended).

NO PROSPECTUS

The Placing Shares are being offered to Relevant Persons only and will not be offered in such a way as to require a prospectus in the United Kingdom or elsewhere under the Prospectus Regulation Rules Sourcebook published by the FCA. No offering document or prospectus has been or will be submitted to be approved by the FCA or any other party in relation to the Placing and Placees' commitments will be made solely on the basis of the information contained in this announcement (including this Appendix) and certain business and financial information the Company is required to publish in accordance with the Companies Act 2006, the AIM Rules and the rules and practices of the FCA (collectively "**Exchange Information**"), save that in the case of Exchange Information a Placee's right to rely on that information is limited to the right that such Placee would have as a matter of law in the absence of this paragraph.

Each Placee, by accepting a participation in the Placing, agrees that the content of this announcement, including this Appendix, is exclusively the responsibility of the Company and confirms that it has not relied on any other information (other than the Exchange Information), representation, warranty, or statement made by or on behalf of the Company or the Joint Brokers or any other person and neither of the Joint Brokers nor the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

REGISTRATION AND SETTLEMENT

Settlement of transactions in the Placing Shares (ISIN: GB00B11SZ269) following First Admission and Second Admission will take place within the relevant system administered by Euroclear, being CREST provided that, subject to certain exceptions, the Joint Brokers reserve the right to require settlement for, and delivery of, the Placing Shares (or a portion thereof) to Placees by such other means that they deem necessary if delivery or settlement is not possible or practicable within CREST within the timetable set out in this announcement or would not be consistent with the regulatory requirements in any Placee's jurisdiction. Settlement of transactions in the VCT Shares following First Admission and the General Placing Shares following Second Admission will take place within the system administered by CREST, subject to certain exceptions. The Company reserves the right to require settlement for and delivery of the Placing Shares to Placees in certificated form if any of the Joint Brokers or the Company in its absolute discretion considers this to be necessary or desirable.

Following the close of the Bookbuild, each Placee allocated Placing Shares in the Placing will be sent a form of confirmation stating the number of Placing Shares allocated to it at the Placing Price, the aggregate amount owed by such Placee to the relevant Joint Broker (as agent for the Company) and settlement instructions (including the trade date which will be 13 December 2021). Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the CREST or certificated settlement instructions that it has in place with the relevant Joint Broker. Each Placee will also be sent a trade confirmation on the trade date (referred to above) confirming the details of the trade (being the acquisition of the relevant number of Placing Shares).

Admission and settlement may occur at an earlier date. Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and the Joint Brokers may agree that the Placing Shares should be issued in certificated form. The Joint Brokers and the Company reserves the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as they deem necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above Libor as determined by the relevant the Joint Broker.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Joint Brokers (or either of them) may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the relevant the Joint Brokers' account and benefit (as agent for the Company), an amount equal to the aggregate amount owed by the Placee plus any interest due. Any excess proceeds will pass to the relevant Placee at its risk. The relevant Placee will, however, remain liable and shall indemnify the Joint Brokers on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf. By communicating a bid for Placing Shares, each Placee confers on the Joint Brokers all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which the Joint Brokers lawfully takes in pursuance of such sale.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the form of confirmation is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax or securities transfer tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

REPRESENTATIONS, WARRANTIES AND FURTHER TERMS

By submitting a bid and/or participating in the Placing, each Placee (and any person acting on such Placee's behalf) makes the following representations, warranties, acknowledgements, agreements and undertakings (as the case may be) to the Company and the Joint Brokers, namely that, each Placee (and any person acting on such Placee's behalf):

1. represents and warrants that it has read and understood this announcement, including this Appendix, in its entirety and that its subscription for and purchase of the Placing Shares is subject to, and based upon, all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein and undertakes not to redistribute or duplicate this announcement (including this Appendix);
2. acknowledges that no offering document or prospectus has been prepared in connection with the placing of the Placing Shares and represents and warrants that it has not received and will not receive a prospectus, admission document or other offering document in connection therewith;
3. acknowledges that the Ordinary Shares are admitted to trading on AIM, and the Company is therefore required to publish Exchange Information, which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that the Placee is able to obtain or access such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded company, without undue difficulty;
4. acknowledges that the content of this announcement (including this Appendix) is exclusively the responsibility of the Company, and that neither Joint Broker, their affiliates or any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this announcement (including this Appendix) or any information previously or concurrently published by or on behalf of the Company (including any Exchange Information), and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this announcement (including this Appendix) or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to acquire the Placing Shares is contained in this announcement (including this Appendix) and any Exchange Information (save that in the case of Exchange Information, a Placee's right to rely on that information is limited to the right that such Placee would have as a matter of law in the absence of this paragraph), such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by the Joint Brokers or the Company or any of their respective directors, officers or employees or any person acting on behalf of any of them (including with respect to the Company, the Placing, the Placing Shares or the accuracy, completeness or adequacy of any publicly available information), or, if received, it has not relied upon any such information, representations, warranties or statements, and neither of the Joint Brokers nor the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further acknowledges and agrees that it may not place the same degree of reliance on this announcement as it may otherwise place on a prospectus or admission document. Each Placee further acknowledges and agrees that it has relied solely on its own investigation of the business, financial or other position of the Company and the terms of the Placing in deciding to participate in the Placing and it will not rely on any investigation that the Joint Brokers, their affiliates or any other person acting on their behalf has or may have conducted;
5. represents and warrants that it has neither received nor relied on any confidential price sensitive information concerning the Company in accepting this invitation to participate in the Placing;
6. time is of the essence as regards its obligations under this announcement;
7. acknowledges that the Joint Brokers do not have any duties or responsibilities to it, or its clients, similar or comparable to the duties of "best execution" and "suitability" imposed by the Conduct of Business Sourcebook in the FCA's Handbook of Rules and Guidance and that neither Panmure Gordon nor Shore Capital is acting for it or its clients and that the Joint Brokers will not be responsible for providing protections to their respective clients;
8. acknowledges that neither of the Joint Brokers, any of their affiliates or any persons acting on behalf of them has or shall have any liability for any publicly available or filed information (including any Exchange Information) or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
9. that, save in the event of fraud on the part of the relevant Joint Brokers (and to the extent permitted by the FCA), neither of the Joint Brokers, their respective ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors and employees shall be liable to Placees for any matter arising out of either Joint Brokers' role as placing agent or otherwise in connection with the

Placing and that where any such liability nevertheless arises as a matter of law, Placees will immediately waive any claim against any of such persons which it may have in respect thereof;

10. represents and warrants that a) (i) it is not a person located in the United States and is eligible to participate in an "offshore transaction" as defined in and in accordance with Regulation S and the Placing Shares were not offered to it by means of "directed selling efforts" as defined in Regulation S; or (ii) it is both a QIB and will duly execute a US investor letter and deliver the same to one of the Joint Brokers or their respective affiliates;
11. acknowledges that the Placing Shares have not been and will not be registered under the Securities Act or under any laws of, or with any securities regulatory authority of, any state or other jurisdiction of the United States, and that the Placing Shares are only being offered and sold (i) outside the United States in offshore transactions as defined in and pursuant to Regulation S under the Securities Act; and (ii) in the United States to a limited number of QIBs pursuant to an exemption from the registration requirements of the Securities Act.;
12. unless otherwise specifically agreed in writing with the Joint Brokers, represents and warrants that neither it nor the beneficial owner of such Placing Shares will be a resident of Restricted Jurisdiction;
13. acknowledges that the Placing Shares have not been and will not be registered under the securities legislation of Restricted Jurisdiction and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within those jurisdictions;
14. that, in relation to any Placee located in Hong Kong, it is a professional investor as defined under the Securities and Futures Ordinance (Cap. 571);
15. represents and warrants that the issue to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to transfer Placing Shares into a clearance system;
16. represents and warrants that: (i) it has complied with and will continue to comply with its obligations under the Market Abuse Regulation (EU) No. 596/2014 (or the Market Abuse Regulation (EU) No. 596/2014 as retained in UK law), Criminal Justice Act 1993 and Part VIII of the Financial Services and Markets Act 2000, as amended ("FSMA") and other applicable law; (ii) in connection with money laundering and terrorist financing, it has complied with its obligations under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000 (as amended), the Terrorism Act 2006, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) 2017 Regulations, and any other applicable law (where all such legislation listed under this (ii) shall together be referred to as the "AML Legislation"); and (iii) it is not a person: (1) with whom transactions are prohibited under the Foreign Corrupt Practices Act of 1977 or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the U.S. Department of the Treasury; (2) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or (3) subject to financial sanctions imposed pursuant to a regulation of the EU or a regulation adopted by the United Nations (together, the "Regulations"); and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations and pursuant to AML Legislation and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such purchase, and it will provide promptly to the Joint Brokers or the Company such evidence, if any, as to the identity or location or legal status of any person (including in relation to the beneficial ownership of any underlying investor) which the Joint Brokers or the Company may request from it in connection with the Placing (for the purpose of complying with such Regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise or any other information as may be required to comply with legal or regulatory requirements (including in particular under the AML Legislation)) in the form and manner requested by the Joint Brokers or the Company on the basis that any failure by it to do so may result in the number of Placing Shares that are to be purchased by it or at its direction pursuant to the Placing being reduced to such number, or to nil, as the Joint Brokers and the Company may decide at their sole discretion;
17. if a financial intermediary, as that term is used in Article 5(1) of the UK Prospectus Regulation, represents and warrants that the Placing Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a Member State of the EEA or the UK other than EU Qualified Investors or UK Qualified Investors respectively, or in circumstances in which the prior consent of the Joint Brokers has been given to the offer or resale;

18. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the EEA or the UK prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any Member State of the EEA or the UK within the meaning of the EU Prospectus Regulation or UK Prospectus Regulation respectively;
19. represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
20. represents and warrants that it has complied and will comply with all applicable provisions of the FSMA and the Financial Services Act 2012 with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
21. if in the United Kingdom, represents and warrants that it is a UK Qualified Investor who: (i) falls with Articles 49(2)(A) to (D) or 19(5) of the Financial Promotion Order or (ii) it is a person to whom the Placing Shares may otherwise be lawfully offered under the Financial Promotion Order or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the Placing Shares may be lawfully offered under that other jurisdiction's laws and regulations; and (iii) is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook;
22. represents and warrants that it and any person acting on its behalf is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities and taken any other necessary actions to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this announcement (including this Appendix)) and will honour such obligations;
23. where it is acquiring Placing Shares for one or more managed accounts, represents and warrants that it is authorised in writing by each managed account: (i) to acquire the Placing Shares for each managed account; (ii) to make on its behalf the representations, warranties, acknowledgements, undertakings and agreements in this Appendix and the announcement of which it forms part; and (iii) to receive on its behalf any investment letter relating to the Placing in the form provided to it by a Joint Broker;
24. undertakes that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this announcement (including this Appendix) on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as the Joint Brokers may in their sole discretion determine and without liability to such Placee and it will remain liable and will indemnify the Joint Brokers on demand for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear the liability for any stamp duty or stamp duty reserve tax or security transfer tax (together with any interest or penalties due pursuant to or referred to in these terms and conditions) which may arise upon the placing or sale of such Placee's Placing Shares on its behalf;
25. acknowledges that neither of the Joint Brokers, nor any of their respective affiliates, or any person acting on behalf of any of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be treated for these purposes as a client of either Joint Broker and that either of the Joint Brokers does not have any duties or responsibilities to it for providing the protections afforded to their respective clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of their rights and obligations thereunder, including any rights to waive or vary any conditions or exercise any termination right;
26. undertakes that the person whom it specifies for registration as holder of the Placing Shares will be (i) itself; or (ii) its nominee, as the case may be. Neither of the Joint Brokers nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company

and the Joint Brokers in respect of the same on the basis that the Placing Shares will be issued to the CREST stock account of a Joint Broker who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;

27. acknowledges that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions and any non-contractual obligations arising out of or in connection with such agreement shall be governed by and construed in accordance with the laws of England and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter (including non-contractual matters) arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or a Joint Broker in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
28. agrees that the Company, the Joint Brokers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to each of the Joint Brokers on its own behalf and on behalf of the Company and are irrevocable and are irrevocably authorised to produce this announcement or a copy thereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby;
29. agrees to indemnify on an after-tax basis and hold the Company, the Joint Brokers and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and that the provisions of this Appendix shall survive after completion of the Placing and, further agrees if any of the foregoing is or becomes no longer true or accurate, the Placee shall promptly notify the Company and the Joint Brokers;
30. acknowledges that no action has been or will be taken by any of the Company, the Joint Brokers or any person acting on behalf of the Company or the Joint Brokers that would, or is intended to, permit a public offer of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;
31. acknowledges that it is an institution that has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and in this sector and is aware that it may be required to bear, and it, and any accounts for which it may be acting, are able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its associates taken as a whole, and the terms of the Placing, including the merits and risks involved;
32. acknowledges that its commitment to subscribe for Placing Shares on the terms set out herein will continue, notwithstanding any amendment that may in the future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's conduct of the Placing;
33. acknowledges that a Joint Broker or any of its affiliates acting as an investor for its own account may take up shares in the Company and in that capacity may retain, purchase or sell for its own account such shares and may offer or sell such shares other than in connection with the Placing;
34. represents and warrants that, if it is a pension fund or investment company, its purchase of Placing Shares is in full compliance with all applicable laws and regulation; and
35. to the fullest extent permitted by law, it acknowledges and agrees to the disclaimers contained in the announcement, including this Appendix.

The representations, warranties, acknowledgments and undertakings contained in this Appendix are given to the Joint Brokers and the Company and are irrevocable and shall not be capable of termination in any circumstances.

The agreement to settle a Placee's subscription (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes that the

Placing Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other subsequent dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor the Joint Brokers will be responsible, and the Placee to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, issue or delivery of Placing Shares has given rise to such UK stamp duty or stamp duty reserve tax undertakes to pay such UK stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and the Joint Brokers in the event that any of the Company and/or the Joint Brokers has incurred any such liability to UK stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify the Joint Brokers accordingly.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the subscription by them of any Placing Shares or the agreement by them to subscribe for any Placing Shares.

Each Placee, and any person acting on behalf of the Placee, acknowledges that the Joint Brokers does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that the Joint Brokers or any of their affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

When a Placee or person acting on behalf of the Placee is dealing with a Joint Broker, any money held in an account with such Joint Broker on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FCA made under the FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from the relevant Joint Brokers' money in accordance with the client money rules and will be used by that Joint Broker in the course of its own business and the Placee will rank only as a general creditor of that Joint Broker.

All times and dates in this announcement (including this Appendix) may be subject to amendment, and Placees' commitments, representations and warranties are not conditional on any of the expected times and dates in this announcement (including this Appendix) being achieved. The Joint Brokers shall notify the Placees and any person acting on behalf of the Placees of any changes.

Past performance is no guide to future performance and persons needing advice should consult an appropriately qualified independent financial adviser.

A Joint Broker is entitled, at its discretion and out of its own resources, at any time to rebate to some or all of its investors, or to other parties, part or all of its fees relating to the Placing.

MISCELLANEOUS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures, each as they form part of the law of England and Wales by virtue of EUWA (together, the "**Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Placees should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be

able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Brokers will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or Company of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

The content of this announcement has been issued by, and is the sole responsibility of, Velocys plc.

The information contained in this announcement is given at the date of its publication (unless otherwise marked) and is subject to updating, revision and amendment from time to time. Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this announcement.

Panmure Gordon (UK) Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, joint bookrunner and joint broker to the Company in connection with the Placing and Admission and to no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in relation to the Placing or Admission or any other matter referred to in this Announcement. Panmure Gordon's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange plc and are not owed to the Company or to any director of the Company or to any other person in respect of any decision to acquire shares in the Company in reliance on any part of this announcement.

Shore Capital Group Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as joint bookrunner and joint broker to the Company in connection with the Placing and Admission and to no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in relation to the Placing or Admission or any other matter referred to in this Announcement.

Neither of the Joint Brokers or any of their directors, officers, employees, advisers, affiliates or agents, accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to this announcement, including the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or for any loss howsoever arising from any use of the announcement or its contents. The Joint Brokers and their respective directors, officers, employees, advisers, affiliates or agents, accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of this announcement or its contents or otherwise arising in connection therewith.

Data Protection

The processing of a Placee's personal data by the Company will be carried out in compliance with the applicable data protection legislation and with its Privacy Notice, a copy of which can be found on the Company's website <https://www.velocys.com/privacy-policy/>.

Each Placee acknowledges that it has read and understood the processing activities carried out by the Company as informed in the referred Privacy Notice.

APPENDIX III

DEFINITIONS

The following definitions apply throughout this announcement unless the context otherwise requires:

“Act”	the UK Companies Act 2006, as amended
“Admission”	VCT Admission in the context of the VCT Shares and General Admission in the context of the General Placing Shares and the Open Offer Shares
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies, which set out the rules and responsibilities for companies listed on AIM, as amended from time to time
“Altalto Immingham Project”	a waste to sustainable fuels biorefinery project, located in Immingham, North East Lincolnshire, in development by the Group in conjunction with commercial partners
“Application Form”	the non-CREST application form relating to the Open Offer and enclosed with the Circular for use by Eligible Non-CREST Shareholders
“Articles”	the articles of association of the Company (as amended from time to time)
“Basic Entitlement”	Entitlement to subscribe for Open Offer Shares, allocated to an Eligible Shareholder pursuant to the Open Offer on the Record Date as described in Part III (<i>Terms and Conditions of the Open Offer</i>) of the Circular
“Bayou Fuels Project”	the Company’s reference biorefinery project in Natchez Mississippi, US
“Board” or “Directors”	the board of directors of the Company, whose names are listed in the Circular
“British Airways”	British Airways plc
“Circular”	the Circular to be published by the Company on or about 29 November 2021 setting out details of the Placing and Open Offer and containing the Notice of the Annual General Meeting;
“Company” or “Velocys”	Velocys plc, a public limited company incorporated in England & Wales under registered number 05712187 and having its registered office at Magdalen Centre, Robert Robinson Avenue, The Oxford Science Park, Oxford, England, OX4 4GA.
“CREST”	the relevant system (as defined in the Regulations) which enables title to units of relevant securities (as defined in the Regulations) to be evidenced and transferred without a written instrument and in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations)

“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules issued by the FCA
“Eligible CREST Shareholders”	Eligible Shareholders whose Existing Ordinary Shares are held in uncertificated form in a CREST account
“Eligible Non-CREST Shareholders”	Eligible Shareholders whose Existing Ordinary Shares are held in certificated form
“Eligible Shareholders”	Shareholders on the Ex-Entitlement Date that are not resident in a Restricted Jurisdiction
“Enlarged Share Capital”	the issued Ordinary Share capital of the Company immediately following General Admission comprising the Existing Ordinary Shares, the Placing Shares and the Open Offer Shares assuming full subscription under the Placing and the Open Offer and assuming no exercise of any warrants or options
“ENVIA”	ENVIA Energy, LLC, a former joint venture between Waste Management, Inc., NRG, Ventech Projects Investments, LLC and the Group which was liquidated in 2020
“Excess Entitlement”	Open Offer Shares in excess of the Basic Entitlement, but not in excess of the total number of Open Offer Shares, allocated to an Eligible Shareholder pursuant to the Open Offer as described in Part III (<i>Terms and Conditions of the Open Offer</i>) of the Circular
“Ex-Entitlement Date”	the date on which the Ordinary Shares are marked ‘ex’ for entitlement by the London Stock Exchange under the Open Offer, being 29 November 2021
“Existing Ordinary Shares”	the 1,065,756,057 Ordinary Shares in issue as at the date of the Circular being the entire issued share capital of the Company prior to the Placing and the Open Offer
“FCA”	Financial Conduct Authority
“Form of Proxy”	the accompanying form of proxy for use by Shareholders in relation to the General Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Fundraise”	the Placing and Open Offer
“General Admission”	admission of the General Placing Shares and Open Offer Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“General Meeting”	The general meeting of the Company to be held at 10.30 a.m. on 15 December 2021, notice of which is set out at the end of the Circular

“General Placing”	the conditional placing of the General Placing Shares to places
“General Placing Shares”	the new Ordinary Shares to be issued, conditional on General Admission, in connection with the General Placing
“Group”	Velocys plc and its subsidiaries
“IAG”	International Airlines Group
“JDA”	The joint development agreement (as amended) between Velocys, British Airways and Shell relating to the Altalto Immingham Project
“Joint Brokers”	Panmure Gordon and Shore Capital
“Link Group”	a trading name of Link Market Services Limited, a company incorporated in England and Wales, with registered number 02605568, whose registered office is at Central Square, 10th Floor, 29 Wellington Street, Leeds, England, LS1 4DL
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the Placing Shares and the Open Offer Shares to the extent subscribed for under the Open Offer
“Notice of General Meeting”	the notice of General Meeting set out at the end of the Circular
“Open Offer”	the offer to Eligible Shareholders, constituting an invitation to apply for the Open Offer Shares at the Placing Price on the terms and subject to the conditions set out in the Circular and, in the case of Eligible Non-CREST Shareholders, in the Application Form
“Open Offer Entitlements”	entitlements to subscribe for Open Offer Shares pursuant to the Basic Entitlement and Excess Entitlement
“Open Offer Shares”	up to 25,076,613 new Ordinary Shares to be issued to Eligible Shareholders pursuant to the Open Offer
“Ordinary Shares”	ordinary shares of £0.01 each in the capital of the Company
“Overseas Shareholders”	holders of Ordinary Shares who are resident in, or citizens of, countries outside of the UK
“Panmure Gordon”	Panmure Gordon (UK) Limited, acting as Nominated Adviser, Joint Bookrunner & Joint Broker
“Placing”	the VCT Placing and the General Placing

“Placing Agreement”	the conditional agreement dated 25 November 2021 relating to the Placing and Open Offer, between the Company, Panmure Gordon and Shore Capital
“Placing Price”	8 pence per New Ordinary Share
“Placing Shares”	the VCT Shares and the General Placing Shares
“Prospectus Regulation Rules”	the Prospectus Regulation Rules made in accordance with the Prospectus Regulation Rules Instrument 2019 (FCA: 2019/80)
"Receiving Agent"	Link Group
“Record Date”	5.00 p.m. on 25 November 2021, being the record date for the Open Offer
"Reference Projects"	the Bayou Fuels Project and the Alalto Immingham Project, the purpose of which are to accelerate adoption of the Group’s technology and to provide a source of income to the Group
“Registrar”	Link Group
“Regulations”	the UK Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
“Resolutions”	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
“Restricted Jurisdiction”	any jurisdiction except the UK. Jurisdictions outside the UK include, but are not limited, to the United States, Canada, Australia, New Zealand, the Republic of South Africa and Japan.
“Shareholders”	the holders of Ordinary Shares from time to time, each individually being a “Shareholder”
“Shell”	Shell International Petroleum Company Limited
“Shore Capital”	Shore Capital Stockbrokers Limited acting as Joint Bookrunner & Joint Broker
"Southwest Airlines"	Southwest Airlines Co.
“Toyo”	Toyo Engineering Corporation
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

“VCT”	a venture capital trust under part 6 of the Income Tax Act 2007
“VCT Admission”	admission of the VCT Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“VCT Placing”	the conditional placing of the VCT Shares to placees
“VCT Shares”	the new Ordinary Shares to be issued, conditional on VCT Admission, in connection with the VCT Placing
“€”	the single currency of the participating member states of the European Union
“\$”	the lawful currency of the United States
“£”	the lawful currency of the United Kingdom

GLOSSARY

The terms set out below have the following meanings throughout this announcement, unless the context requires otherwise.

"EPC"	engineering, procurement and construction
"drop-in"	fuel which can be placed into existing engines and infrastructure without the need for modification to them to use the fuel.
"feedstock"	raw material processed ingested in the fuel-generation process
"FID"	final investment decision
"FTI"	the Fischer-Tropsch (FT) section of a plant, the design of which is licensed by Velocys to its customers, comprising multiple FT reactors and ancillary equipment
"ITP"	integrated technology package
"naphtha"	a flammable liquid distillate of petroleum
"recyclates"	materials capable of being recycled
"Renewable Fuel Standard"	the US renewable fuel standard program created under the Energy Policy Act 2005 and amended by the Energy Independence and Security Act 2007
"Renewable Identification Number" or "RIN"	a renewable identification number assigned to a batch of biofuel to track its production use and trading as required by the Renewable Fuel Standard
"Renewable Transport Fuel Certificates"	certificates awarded under the Renewable Transport Fuels Obligation
"Renewable Transport Fuels Obligation"	the UK Renewable Transport Fuel Obligation Order published 5 November 2012
"SAF"	sustainable aviation fuel

APPENDIX IV

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for the Open Offer	5.00 p.m. on 25 November 2021
Announcement of the Placing and Open Offer	25 November 2021
Announcement of the results of the Placing	26 November 2021
Dispatch of the Circular and Application Form	29 November 2021
Ex-Entitlement Date	8.00 a.m. on 29 November 2021
Basic Entitlements and Excess Entitlements credited to stock accounts in CREST for Eligible CREST Shareholders	on or as soon as possible after 8.00 a.m. on 30 November 2021
Latest recommended time and date for requested withdrawal of Basic Entitlements and Excess Entitlements from CREST	4.30 p.m. on 8 December 2021
Latest time and date for depositing Basic Entitlements and Excess Entitlements into CREST	3.00 p.m. on 9 December 2021
Latest time for splitting Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 10 December 2021
Last time and date for receipt of Form of Proxy	10.30 a.m. on 13 December 2021
Latest time and date for receipt of Application Form and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 14 December 2021
General Meeting	10.30 a.m. on 15 December 2021
Announcement of results of the General Meeting and Open Offer	15 December 2021
Admission and dealings in the VCT Shares to commence on AIM	8.00 a.m. on 16 December 2021
CREST accounts credited with the VCT Shares	16 December 2021
Admission and dealings in the General Placing Shares and the Open Offer Shares to commence on AIM	8.00 a.m. on 17 December 2021
CREST accounts credited with the General Placing Shares and the Open Offer Shares	17 December 2021

Definitive share certificates for the New Ordinary Shares to be dispatched (if required)

w/c 27 December 2021

- (1) *References to are to London time (unless otherwise stated).*
- (2) *The dates and timing of the events in the above timetable and in the rest of the Circular are indicative only and may be subject to change.*
- (3) *If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement through a Regulatory Information Service.*