

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. When considering what action to take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or transferred all of your Ordinary Shares in Vela Technologies plc, you should forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The existing issued Ordinary Shares are currently admitted to trading on AIM, the market of that name operated by London Stock Exchange plc (**AIM**). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to large or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Vela Technologies plc

(Incorporated under the Companies Act 1985 with registered number 03904195)

Proposed Placing to raise £1.5 million and issue of warrants and Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman which is set out on pages 6 to 8 of this document and, in particular, to paragraph 8 thereof which sets out the recommendations that you vote in favour of the resolutions to be proposed at the General Meeting.

Notice convening a general meeting of the Company, to be held at 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley BD16 1PY at 11.00 a.m. on 11 March 2021 is set out at the end of this document. The enclosed form of proxy for use at the meeting should be completed and returned to the Company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD as soon as possible and to be valid must arrive not less than 48 hours before the time fixed for the meeting.

A summary of the action to be taken by Shareholders is set out in paragraph 7 on page 8 of this document and in the notice of the General Meeting. **Please note the comments in respect of the COVID-19 pandemic.**

Allenby Capital Limited, which is a member of the London Stock Exchange, is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is acting as nominated adviser to the Company in connection with the Placing. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire Existing Ordinary Shares in the Company in reliance on any part of this document. Allenby Capital Limited has not authorised the contents of, or any part of, this document and no representation or warranty, express or implied, is made by Allenby Capital Limited as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Allenby Capital Limited will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to customers of Allenby Capital Limited or for providing advice in relation to the contents of this document or any other matter.

Peterhouse Capital Limited is authorised and regulated by the Financial Conduct Authority and is acting as the broker to the Company and no-one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to their customers or for affording advice in relation to the matters referred to herein. Peterhouse Capital Limited does not accept any liability whatsoever for the accuracy of opinions contained in this document (or for the omission of any material information) and is not responsible for the contents of this document.

FORWARD LOOKING STATEMENTS

This document includes “forward-looking statements” which include all statements other than statements of historical facts, including, without limitation, those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or “similar” expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. These forward looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless it is required to do so by applicable law or the AIM Rules for Companies issued by London Stock Exchange plc.

Copies of this document are available free of charge on the Company’s website: www.velatechplc.com.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2021

Circular and form of proxy posted to Shareholders	23 February
Latest time and date for receipt of forms of proxy for the General Meeting	11.00 a.m. on 9 March
General Meeting	11.00 a.m. on 11 March
Admission and commencement of dealings in the Placing Shares to trading on AIM	8.00 a.m. on 16 March
CREST member accounts expected to be credited for the Placing Shares in uncertificated form (where applicable)	8.00 a.m. on 16 March
Dispatch of definitive share certificates for Placing Shares in certificated form (where applicable)	Within 10 business days of Admission

Notes:

- (1) *References to times in this Circular and in the Notice of General Meeting are to London time.*
- (2) *If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement from the Company through an RIS.*
- (3) *The timing of the events in the above timetable and in the rest of this Circular is indicative only.*

KEY STATISTICS

Number of existing issued Ordinary Shares*	12,099,975,417
Number of Placing Shares	1,666,666,667
Number of Placing Warrants	833,333,340
Total number of Ordinary Shares in issue on Admission	13,766,642,084
Placing Price	0.09p
Percentage of Enlarged Share Capital represented by the Placing Shares	12.1 per cent.
Gross proceeds of the Placing	£1,500,000
Estimated net proceeds of the Placing	£1,375,000

* *including 25,904,000 ordinary shares arising on an exercise of existing warrants announced by the Company on 18 February 2021 and for which admission to trading on AIM is expected to occur on 24 February 2021*

DEFINITIONS

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

“Admission”	the admission of the Placing Shares to trading on AIM in accordance with the AIM Rules;
“AIM”	the market of that name operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies, incorporating guidance notes, published by the London Stock Exchange governing, inter alia, admission to AIM and the continuing obligations of companies admitted to trading on AIM, as amended or reissued from time to time;
“Circular” or “document”	this document;
“Company” or “Vela”	Vela Technologies plc (incorporated and registered in England and Wales with registered number 03904195) whose registered office is at 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley, BD16 1PY;
“CREST”	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear;
“Directors” or the “Board”	the directors of the Company;
“Enlarged Share Capital”	the 13,766,642,084 Ordinary Shares in issue immediately following Admission;
“Existing Ordinary Shares”	the 12,099,975,417 ordinary shares of 0.01p each in the capital of the Company in issue at the date of this document (including 25,904,000 ordinary shares arising on an exercise of existing warrants announced by the Company on 18 February 2021);
“form of proxy”	the form of proxy accompanying this Circular for use by Shareholders at the General Meeting;
“General Meeting”	the general meeting of the Company to be held on 11 March 2021, notice of which is set out at the end of this Circular;
“London Stock Exchange”	London Stock Exchange plc;
“Notice of General Meeting”	the notice convening the General Meeting as set out at the end of this Circular;
“Ordinary Shares”	the ordinary shares of 0.01p in the capital of the Company;
“Peterhouse”	Peterhouse Capital Limited, the Company’s joint broker and broker for the purposes of the Placing;
“Placing”	the placing of 1,666,666,667 new Ordinary Shares as announced by the Company on 23 February 2021;
“Placing Price”	0.09 pence per Placing Share;
“Placing Shares”	the 1,666,666,667 new Ordinary Shares proposed to be issued by the Company pursuant to the Placing;
“Placing Warrants”	the 833,333,340 warrants over new Ordinary Shares exercisable at 0.125p until 16 September 2022, which are to be granted to the subscribers for the Placing Shares, subject to the approval of the Resolutions;
“Resolutions”	the resolutions set out in the notice of General Meeting;
“Shareholders”	the holders of Ordinary Shares from time to time; and
“£” or “pence”	the lawful currency of the United Kingdom.

DIRECTORS, SECRETARY AND ADVISERS

Directors	<u>Nigel Brent</u> Fitzpatrick <u>James Patrick</u> Normand
Company Secretary	Emma K Wilson
Registered Office	15 Victoria Mews Mill Field Road Cottingley Business Park Bingley BD16 1PY
Nominated Adviser & Joint Broker	Allenby Capital Limited 5 St Helen's Place London EC3A 6AB
Joint Broker	Peterhouse Capital Limited 80 Cheapside London EC2V 6EE
Registrar & Receiving Agent	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
Company's website	www.velatechplc.com

LETTER FROM THE CHAIRMAN
VELA TECHNOLOGIES PLC

(Incorporated and registered in England and Wales with No. 03904195)

Directors:
Brent Fitzpatrick, *Non-Executive Chairman*
James Normand, *Executive Director*

Registered Office:
15 Victoria Mews
Mill Field Road
Cottingley Business Park
Bingley
BD16 1PY

To all Shareholders and to warrant holders and option holders for information purposes only

23 February 2021

Dear Shareholder

Proposed Placing to raise £1.5 million and issue of warrants
and
Notice of General Meeting

1. Introduction

As announced on 23 February 2021, the Company has carried out a conditional placing of 1,666,666,667 new ordinary shares to raise £1,500,000 before expenses, at a placing price of 0.09p per share. The net proceeds of the Placing will be used by the Company to take advantage of investment opportunities and for general working capital purposes.

833,333,340 Placing Warrants over new Ordinary Shares exercisable at 0.125p until 16 September 2022 are to be granted to the subscribers for the Placing Shares, subject to the approval of the Resolutions, on a *pro rata* basis to the size of their subscriptions in the Placing.

Taking into account the need to reserve authorities to allot securities to satisfy any future exercise of existing warrants, the existing authorities to allot securities are insufficient for the purposes of the Placing and to provide headroom for any future exercise of the Placing Warrants. Accordingly, it is proposed to increase the Company's authorities to allot securities for the purposes of the Placing, and to provide sufficient headroom for future share issues, including the potential future exercise of the Placing Warrants.

Therefore, the issue and allotment of the Placing Shares and the issue of the Placing Warrants is conditional, *inter alia*, upon the Company obtaining approval of Shareholders of resolutions to be proposed at the General Meeting, to provide sufficient authority to enable allot relevant securities and disapply statutory pre-emption rights which would otherwise apply to the allotment of the Placing Shares and issue of the Placing Warrants.

The purpose of this document is to set out details of the Placing and of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

2. Background to and reasons for the Placing

The Company is an AIM quoted investing company focused on early stage and pre-IPO long term disruptive technology investments. The Company also invests in already-listed companies where valuations offer additional opportunities.

In August 2020, the Company disposed of certain assets and investments and recapitalised itself through a placing to raise £1,000,000 and a conversion of £550,000 of bonds into equity. Upon completion of this transaction, the Company retained interests in five investments (being North Peak Resources, WeShop, BlockchainK2 Corp., Revolve Performance and Disruptive Tech Limited).

The Company has subsequently made a number of new investments deploying a total of £1.88 million in cash across five investments covering a range of technology sub-sectors and in accordance with

the Company's investing policy. As announced on 22 January 2021, the Company disposed of its investment in Blockchain K2 Corp. Most recently the Company has invested £150,000 in Kanabo Group plc, a company that sells and develops THC-free retail cannabidiol (CBD) products in the primary markets of the UK and Germany, and in December 2020 the Company announced an investment of £200,000 in Cornerstone FS plc, a cloud-based foreign exchange and international payments platform.

As at the date of this document, the Company holds investments in nine investee companies and its cash resources are c.£1.37 million. In addition the Company has, as at the date of this document, entered into a conditional agreement to invest £350,000 from its existing cash resources in a funding round for an unquoted hydrogen fuel cell business. Vela's potential investment is in accordance with its investing policy and remains subject to the overall funding round completing which is expected to occur shortly. Should the funding round not complete on the terms envisaged then Vela's investment will not proceed. A further announcement on this prospective investment will be made by Vela at the appropriate time.

The Company has a strong pipeline of new investment opportunities and the Board believes the additional funds to be raised from the Placing will enable the Company to be able to take advantage of new opportunities as and when they arise.

3. Details of the Placing

As announced on 23 February 2021, Peterhouse has conditionally raised £1,500,000 before expenses via the issue of 1,666,666,667 Placing Shares, representing approximately 12.1 per cent. of the Enlarged Share Capital. The Placing Price represents a premium of approximately 2.9 per cent. to the Company's middle market closing share price of 0.0875p on 22 February 2021, being the last practicable date prior to the date of this document.

The Placing proceeds will be used to enable the Company to take advantage of investment opportunities and for general working capital purposes.

Application will be made to London Stock Exchange for the Placing Shares to be admitted to trading on AIM and it is expected that Admission will become effective and that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 16 March 2021. Assuming no existing warrants are exercised prior to Admission, the Placing Shares will represent approximately 12.1 per cent of the ordinary share capital of the Company in issue immediately following Admission.

The Placing Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Ordinary Shares in issue from time to time, including the right to receive all dividends and other distributions declared on or after the date on which they are issued.

In addition, 833,333,340 Placing Warrants to subscribe for new Ordinary Shares at a price of 0.125 pence per Ordinary Share, are to be granted to the subscribers in the Placing on a *pro rata* basis to the size of their subscriptions in the Placing. Therefore, one Placing Warrant will be granted for every two Placing Shares subscribed for. The Placing Warrants may be exercised until 16 September 2022 and will not be admitted to trading on AIM or any other stock market and will not be transferable.

The issue of the Placing Shares and the Placing Warrants is conditional, *inter alia*, upon the passing of the Resolutions at the General Meeting and Admission.

4. Authorities to allot securities

At the General Meeting, Shareholders are being asked to increase the Directors' authorities to allot shares in the Company, to provide sufficient authority for the Placing and to provide general authorities to allot shares.

- (a) Resolution 1 (an ordinary resolution) will, if passed, give the Directors the general authority to allot ordinary shares up to a maximum nominal amount of £855,000 (8,550,000,000 Ordinary Shares, representing: (i) authority in connection with the Placing in the nominal amount of £166,667; and (ii) approximately 50 per cent of the Enlarged Share Capital of the Company following the Placing); and
- (b) Resolution 2 (a special resolution) will, if passed, give the Directors the necessary authorities to allot ordinary shares for cash, disapplying pre-emption rights:
 - (i) in connection with the Placing in the nominal amount of £166,667; and

- (ii) to provide headroom for future issues of shares for cash, of up to a maximum nominal amount of £344,500 (3,445,000,000 Ordinary Shares, representing approximately 25 per cent of the Enlarged Share Capital of the Company following the Placing).

These authorities will expire at the conclusion of the Annual General Meeting of the Company to be held in 2021.

The Directors intend that the authorities given by the Resolutions should provide sufficient headroom to enable the Company to take advantage of further fundraising opportunities over the next year should these arise (there being no current intention to use this further authority). In addition, these authorities would be utilised for any options or warrants to subscribe for Ordinary Shares which are granted while the authorities are in place (including in respect of any future exercise of the Placing Warrants).

5. Proposed Board Appointment

The Company announced on 31 July 2020, that it intended to appoint a further director to the Board by 31 December 2020. The Company is in the advanced stages of appointing a Non-Executive Director to the Board. The proposed board appointment remains subject to approval from the Company's nominated adviser and completion of the customary due diligence process to satisfy itself as to board composition and independence and the suitability of a proposed director for the purposes of the AIM Rules for Nominated Advisers. Further announcements will be made at the appropriate time with regards to the proposed board appointment.

6. General Meeting

A notice convening the General Meeting to be held at 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley BD16 1PY at 11.00 a.m. on 11 March 2021 is set out at the end of this Circular.

At the General Meeting, the following resolutions will be proposed:

- (a) Resolution 1: to grant general authority to allot Ordinary Shares;
- (b) Resolution 2: to grant authorities to allot Ordinary Shares for cash on a non-pre-emptive basis, as described in paragraph 4 above.

7. Action to be taken

A form of proxy for use by Shareholders in connection with the General Meeting accompanies this Circular. The form of proxy should be completed in accordance with the instructions printed thereon and returned to the Company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD as soon as possible but, in any event, so as to arrive by 11.00 a.m. on 9 March 2021.

Due to Covid-19 and related legal restrictions and guidance from government authorities, shareholders may not physically attend the meeting, and will not be permitted access to the venue on the day of the meeting. Shareholders are strongly encouraged to participate in the meeting by voting by proxy ahead of the meeting. Shareholders who hold their Ordinary Shares through a nominee should instruct their nominee to submit the form of proxy on their behalf. Only the formal business set out in the Notice of General Meeting will be considered at the meeting.

8. Recommendation

The Directors consider the Resolutions to be proposed at the General Meeting to be in the best interests of the Company and its Shareholders as a whole and accordingly recommend that Shareholders vote in favour of the Resolutions, as they intend to do so in respect of their aggregated shareholding of 1,500,000 Ordinary Shares (equivalent to approximately 0.01 per cent of the existing issued Ordinary Shares).

Yours faithfully

Nigel Brent Fitzpatrick

Chairman

Vela Technologies plc

(Registered in England No. 03904195)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley BD16 1PY at 11.00 a.m. on 11 March 2021, to consider and, if thought fit, to pass the following resolutions, which will be proposed as to resolution 1 as an ordinary resolution, and as to resolution 2 as a special resolution:

RESOLUTIONS

- 1 THAT, in addition to all existing authorities conferred on the directors to allot shares or to grant rights to subscribe for or to convert any securities into shares, the directors be authorised generally and unconditionally pursuant to Section 551 of the Companies Act 2006 as amended to exercise all the powers of the Company to allot shares and/or rights to subscribe for or to convert any security into shares, provided that the authority conferred by this resolution shall be limited to the allotment of shares and/or rights to subscribe or convert any security into shares of the Company up to an aggregate nominal amount of £855,000 such authority (unless previously revoked, varied or renewed) to expire on the conclusion of the Annual General Meeting of the Company to be held in 2021, provided that the Company may, before such expiry, make an offer, agreement or other arrangement which would or might require shares and/or rights to subscribe for or to convert any security into shares to be allotted after such expiry and the directors may allot such shares and/or rights to subscribe for or to convert any security into shares in pursuance of such offer, agreement or other arrangement as if the authority conferred hereby had not expired.

- 2 THAT, in addition to all existing authorities conferred on the directors to allot shares or to grant rights to subscribe for or to convert any securities into shares, the directors be and are hereby generally empowered to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) pursuant to the general authority conferred by resolution 1 above for cash or by way of sale of treasury shares as if Section 561 of the Companies Act 2006 or any pre-emption provisions contained in the Company's articles of association did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to
 - (i) any allotment of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of equity securities in proportion (as nearly as may be practicable) to their then holdings of such securities, but subject to the directors having the right to make such exclusions or other arrangements in connection with such offer as they deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in, or pursuant to, the laws of any territory or the requirements of any regulatory body or stock exchange in any territory or otherwise howsoever;
 - (ii) the allotment of equity securities up to an aggregate nominal value of £166,667 (1,666,670,000 ordinary shares of 0.01p) in connection with the Placing (as defined in the circular to shareholders of which this notice forms part);
 - (iii) the allotment (otherwise than pursuant to sub-paragraphs (i) and (ii) above) of equity securities up to an aggregate nominal value of £344,500 (3,445,000,000 ordinary shares of 0.01p),

such authority and power (unless previously revoked, varied or renewed) to expire on the conclusion of the Annual General Meeting of the Company to be held in 2021, provided that the Company may prior to such expiry make any offer, agreement or other arrangement which

would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer, agreement or other arrangement as if the power hereby conferred had not expired.

Dated: 23 February 2021

Registered Office:
15 Victoria Mews
Mill Field Road
Cottingley Business Park
Bingley
BD16 1PY

By order of the Board
Emma K Wilson
Secretary

Notes:

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. **Due to Covid-19 and related legal restrictions and guidance from government authorities, shareholders may not physically attend the meeting, and will not be permitted access to the venue on the day of the meeting. Shareholders are strongly encouraged to participate in the meeting by voting by proxy ahead of the meeting.**
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. **Given the restrictions on attendance in person, you are encouraged to appoint the Chairman of the meeting to submit proxy votes at the meeting, rather than a named person who will not be permitted to attend the physical meeting.**
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the enclosed proxy form.
5. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- (a) completed and signed;
- (b) sent or delivered to the Company's Registrars, Neville Registrars Limited, at Neville House, Steelpark Road, Halesowen B62 8HD; and
- (b) received by no later than 11.00 a.m. on 9 March 2021.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

7. To change your proxy appointment, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, you may photocopy the enclosed proxy form.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

8. In order to revoke a proxy appointment you will need to inform the Company by sending a signed hard copy notice clearly stating that you revoke your proxy appointment to Neville Registrars Limited, at Neville House, Steelpark Road, Halesowen B62 8HD. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by no later than 11.00 a.m. on 9 March 2021.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person.

8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the Company as at 6.00 p.m. on 9 March 2021 or, if this meeting is adjourned, at 6.00 p.m. on the date two business days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.