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If you sell or have sold or otherwise transferred all of your Ordinary Shares, please send this document and the accompanying Form of Proxy as soon as possible to the purchaser, transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you sell or have sold or otherwise transferred part of your holding, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected. However, these documents should not be forwarded or sent in, into or from the United States, Canada, Australia, New Zealand, Japan, the Republic of Ireland or the Republic of South Africa or any other state or jurisdiction in which release, publication or distribution would be unlawful and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe any applicable requirements. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. If you have sold only part of your holding of Ordinary Shares you should retain this document and the accompanying Form of Proxy.

Applications will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. No application has been made or is currently intended to be made for the New Shares to be admitted to trading or dealt in on any other exchange. It is expected that, subject to, *inter alia*, the passing of the Resolutions at the General Meeting, admission to AIM will become effective in respect of, and that dealings on AIM will commence in, the New Shares on or around 8 August 2018.

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## **IMAGE SCAN HOLDINGS PLC**

*(Incorporated and registered in England and Wales with registered number 03062983)*

### **Acquisition of Todd Research Limited for £3.25 million**

#### **Placing and Subscription of 31,250,000 New Shares at 4 pence per New Share**

#### **Proposed Capital Reduction**

#### **Notice of General Meeting**

#### ***Nominated Adviser and Broker***

#### **Cantor Fitzgerald Europe**

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This document should be read in its entirety. Your attention is drawn to the letter from the Chairman of Image Scan Holdings plc set out on pages 9 to 15 of this document, which contains your Board's unanimous recommendation to vote in favour of the Resolutions set out in the notice of General Meeting referred to below.

Notice of a General Meeting of Image Scan Holdings plc, to be held at the offices of Cantor Fitzgerald Europe at One Churchill Place, Canary Wharf, London, E14 5RB at 10.00 a.m. on 7 August 2018, is set out at the end of this document. Whether or not you intend to attend the General Meeting, Shareholders are requested to complete and return the accompanying Form of Proxy as soon as possible and, in any event, so as to be received by the Company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD as soon as possible and in any event not later than 10.00 a.m. on 3 August 2018. The completion and return of the Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they subsequently wish to do so.

This document does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Existing Ordinary Shares or New Shares, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied upon in connection with, any contract therefor. This document is not a prospectus and is not an admission document drawn up in accordance with the AIM Rules.

The Existing Ordinary Shares and the New Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States, nor do the Existing Ordinary Shares and/or the New Shares qualify for distribution under any of the relevant securities laws of Australia, Canada, Japan or the Republic of Ireland, nor has any prospectus in relation to the Existing Ordinary Shares and/or the New Shares been lodged with or registered by the Australian Securities and Investments Commission, the Japanese Ministry of Finance or the Irish Financial Regulator. Accordingly, subject to certain exceptions, the Existing Ordinary Shares and the New Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into or within the United States, Australia, Canada, Japan or the Republic of Ireland or any other jurisdiction where to do so might constitute a violation of local securities laws or regulations. Any failure to comply with such restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any person who is subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. Subject to certain exceptions, this document is not for release publication or distribution, directly or indirectly, in or into the United States, Canada, Australia, New Zealand, Japan, the Republic of Ireland, the Republic of South Africa or any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

Cantor Fitzgerald Europe, which is authorised and regulated by the Financial Conduct Authority, is acting as the Company's nominated adviser and broker in connection with the Fundraising and Admission and will not be offering advice and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to herein. The responsibilities of Cantor Fitzgerald Europe as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person in respect of his, her or its decision to acquire any Existing Ordinary Shares or New Shares in reliance on any part of this document or otherwise. Cantor Fitzgerald Europe is not making any representation or warranty, express or implied, as to the contents of this document.

This document contains (or may contain) certain forward-looking statements with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "predict" or other words of similar meaning. Examples of forward-looking statements include, amongst others, statements regarding or which make assumptions in respect of the planned use of the proceeds for the Fundraising, the Group's liquidity position, the future performance of the Group, future foreign exchange rates, interest rates and currency controls, the future political and fiscal regimes in the overseas markets in which the Group operates, the Group's future financial position, plans and objectives for future operations and any other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company's control. As a result, the Company's actual future results may differ materially from the plans, goals, and expectations set forth in the Company's forward-looking statements. Any forward-looking statements made in this document by or on behalf of the Company speak only as of the date they are made. These forward-looking statements reflect the Company's judgement at the date of this document and are not intended to give any assurance as to future results. Except as required by the FCA, the London Stock Exchange, the AIM Rules or applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

### **Copies of this document**

Copies of this document will be available free of charge during normal business hours on weekdays (excluding Saturday, Sunday and public holidays) from the date of this document until 30 September 2018 from the Company's registered office. Copies are also available for download from the Company's website at [www.ish.co.uk](http://www.ish.co.uk).

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## EXPECTED TIMETABLE

Publication of this document	17 July 2018
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 3 August 2018
General Meeting	10.00 a.m. on 7 August 2018
Admission and commencement of dealings on AIM of the New Shares	8.00 a.m. on 8 August 2018
Crediting of CREST accounts with New Shares	As soon as possible after 8.00 a.m. on 8 August 2018
Despatch of definitive share certificates in respect of New Shares to be issued in certified form	By 22 August 2018
Court Hearing to confirm directions	19 September 2018
Court Hearing to confirm Capital Reduction	15 October 2018
Effective date of Capital Reduction	16 October 2018

### Notes:

1. Each of the times and dates above are indicative only and are subject to change. In particular the dates of the Court Hearings are subject to any change which may be imposed by the Court. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement through a regulatory information service.
2. All of the above times refer to London time unless otherwise stated.
3. Admission and dealings in the New Shares are conditional on the passing of the Resolutions at the General Meeting.
4. If you have any questions relating to the action you should take in relation to the General Meeting, please telephone the Shareholder Helpline on 0121 585 1131 (for callers calling from the UK, calls to this number are charged your network providers standard rate, calls from overseas or via mobile telephones may cost considerably more). Lines are open 9.00 a.m. to 5.00 p.m., Monday to Friday. Please note that for legal reasons this helpline will only be able to provide practical information and will not provide advice on the merits of the business of the General Meeting or give any financial or taxation advice. For financial and taxation advice you will need to consult an independent adviser.

## FUNDRAISING STATISTICS

Number of Existing Ordinary Shares	136,354,577
Placing Price	4 pence
Number of Placing Shares to be issued pursuant to the Placing	25,000,000
Number of Subscription Shares to be issued pursuant to the Subscription	6,250,000
Number of Ordinary Shares in issue immediately following completion of the Fundraising	167,604,577
New Shares as a percentage of the Enlarged Share Capital	18.6%
Estimated gross proceeds of the Fundraising receivable by the Company	£1,250,000
ISIN Code	GB0031410581
SEDOL Code	3141058

## DEFINITIONS

In this document, the following words and expressions shall, except where the context requires otherwise, have the following meanings:

<b>“3DX-RAY”</b>	3DX-RAY Limited;
<b>“Act”</b>	the Companies Act 2006 as amended from time to time;
<b>“Acquisition”</b>	the proposed acquisition by the Company of Todd Research under the terms of the Share Purchase Agreement;
<b>“Admission”</b>	the effective admission of the New Shares to trading on AIM pursuant to the AIM Rules;
<b>“Articles”</b>	the articles of association of the Company adopted by special resolution on 10 March 2015;
<b>“AIM”</b>	AIM, a market operated by London Stock Exchange;
<b>“AIM Rules”</b>	the ‘AIM Rules for Companies’ published by London Stock Exchange for AIM Companies, governing the admission to and operation of AIM, as amended from time to time;
<b>“Board” or “Directors”</b>	the directors of the Company at the date of this document, all of whose names are set out on page 9 of this document;
<b>“Capital Reduction”</b>	the proposed cancellation of the Company’s share premium account pursuant to the Capital Reduction Resolution as set out in the Notice of General Meeting;
<b>“Capital Reduction Resolution”</b>	resolution 3 of the Resolutions;
<b>“Cantor Fitzgerald Europe”</b>	Cantor Fitzgerald Europe, the Company’s nominated adviser and broker;
<b>“certificated” or “in certificated form”</b>	a share or other security not held in uncertificated form (i.e. not in CREST);
<b>“Closing Price”</b>	the closing middle market quotation of an Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange;
<b>“Company” or “Image Scan”</b>	Image Scan Holdings plc;
<b>“Completion”</b>	completion of the Acquisition pursuant to the Share Purchase Agreement;
<b>“CREST”</b>	a relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time;
<b>“Enlarged Group”</b>	the Group, as enlarged by the Acquisition;
<b>“Enlarged Share Capital”</b>	the number of Ordinary Shares in issue assuming completion of the Fundraising;

<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Existing Ordinary Shares”</b>	the Ordinary Shares in issue as at the date of this document;
<b>“FCA”</b>	the Financial Conduct Authority of the United Kingdom;
<b>“Form of Proxy”</b>	the form of proxy which accompanies this document for use by Shareholders in connection with the General Meeting;
<b>“Fundraising”</b>	together, the Placing and the Subscription;
<b>“General Meeting”</b>	the general meeting of the Company convened for 10.00 a.m. on 7 August 2018, notice of which is set out at the end of this document, or any adjournment of such meeting;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“New Shares”</b>	31,250,000 New Shares to be issued pursuant to the Fundraising;
<b>“Notice of General Meeting”</b>	the notice of General Meeting which is set out at the end of this document;
<b>“Ordinary Shares”</b>	ordinary shares of 1 pence each in the capital of the Company;
<b>“Placing”</b>	the conditional placing by Cantor Fitzgerald Europe, as agent for the Company, of the Placing Shares, at the Placing Price and on the terms and conditions set out in the Placing Agreement, further details of which are set out in paragraph 8 of the letter from the Chairman of the Company contained in this document;
<b>“Placing Agreement”</b>	the agreement dated 16 July 2018 between the Company and Cantor Fitzgerald Europe in relation to the Placing, further details of which are set out in paragraph 8 of the letter from the Chairman of the Company contained in this document;
<b>“Placing Price”</b>	4 pence per New Share;
<b>“Placing Shares”</b>	25,000,000 New Shares, to be allotted and issued pursuant to the Placing subject to, amongst other things, the passing of the Resolutions at the General Meeting and Admission;
<b>“R&amp;D”</b>	research and development;
<b>“Resolutions”</b>	the resolutions set out in the notice of General Meeting at the end of this document;
<b>“Shareholders”</b>	persons who are registered holders of Ordinary Shares from time to time;
<b>“Share Purchase Agreement”</b>	the conditional share purchase agreement dated 16 July 2018 between the Company and the Vendor relating to the Acquisition;
<b>“Subscription”</b>	the conditional subscription of the Subscription Shares by Spring Ventures Group Investments Limited pursuant to the Subscription Agreement;
<b>“Subscription Agreement”</b>	the conditional subscription agreement dated on or about the date of this document between the Company and Spring Ventures Group Investments Limited;

<b>“Subscription Shares”</b>	6,250,000 New Shares to be issued in the capital of the Company pursuant to the Subscription;
<b>“Todd Research”</b>	Todd Research Limited;
<b>“uncertificated” or “uncertificated form”</b>	recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“Vendor”</b>	Supply 999 Holdings Limited;
<b>“Vendor Loan Note”</b>	The loan notes to be issued by the Company to the Vendor in the aggregate amount of £2.0 million pursuant to the Vendor Loan Note Instruments;
<b>“Vendor Loan Note Instruments”</b>	means the instrument constituting £1,000,000 8 per cent. unsecured redeemable loan notes 2020 and the instrument constituting £1,000,000 8 per cent. secured redeemable loan notes 2020; and
<b>“£”</b>	Sterling, the lawful currency of the United Kingdom.

**LETTER FROM THE CHAIRMAN**

# **IMAGE SCAN HOLDINGS PLC**

*(Incorporated and registered in England and Wales with registered number 03062983)*

*Directors:*

William R Mawer *(Chairman and Chief Executive Officer)*  
Vincent J Deery *(Sales and marketing Director)*  
Timothy D Jackson *(Non-Executive Director)*  
Richard A Leaver *(Non-Executive Director)*

*Registered and Head Office:*

16 & 18 Hayhill Industrial Estate  
Sileby Road  
Barrow-upon-Soar  
Loughborough  
Leicestershire  
LE12 8LD

17 July 2018

*To Shareholders and, for information purposes only, to participants in the Company's share option schemes*

Dear Shareholder,

**Acquisition of Todd Research Limited for £3.25 million**  
**Placing and Subscription of 31,250,000 New Shares at 4 pence per New Share**  
**Proposed Capital Reduction**  
**Notice of General Meeting**

## **1. Introduction**

The Board has announced today that the Company has conditionally agreed to acquire Todd Research from the Vendor for the total consideration of £3,250,000, subject to a net asset adjustment. The principal terms of the Acquisition are described in more detail in paragraph 5 of this letter.

In order to fund the Acquisition, the Company has also announced today that it proposes to raise, in aggregate, £1,250,000 (before expenses) by way of a placing by Cantor Fitzgerald Europe, as agent for the Company, of 25,000,000 New Shares, in aggregate, at the Placing Price to existing and new institutional investors and a subscription of 6,250,000 New Shares at the Placing Price. The issue of 31,250,000 of such shares (being the New Shares), and the Acquisition will be conditional on the passing of Resolutions 1 and 2. The net proceeds of the Fundraising together with the Vendor Loan Notes, raising £2.0 million will be used to fund the Acquisition.

It is also proposed to increase the distributable reserves of the Company in order to support the Company's ability to pay dividends in the future by way of Capital Reduction. The Capital Reduction will be conditional on passing the Capital Reduction Resolution. However, the Capital Reduction will not be conditional on the Acquisition or passing the Resolutions, other than the Capital Reduction Resolution.

A General Meeting is being called for the purpose of proposing the Resolutions which will enable the Fundraising and the Capital Reduction to be completed. The notice of General Meeting is set out at the end of this document.

I am writing to set out details of the Acquisition, the background to and reasons for the Fundraising and to give you notice of the General Meeting of the Company to be held at 10.00 a.m. on 7 August 2018, formal notice of which is set out at the end of this document.

## **2. Information about Todd Research**

We have today announced the conditional acquisition of the entire issued share capital of Todd Research Limited from the Vendor. Todd Research is a private, venture capital owned, UK based designer, manufacturer and supplier of X-ray scanners, across a diverse range of public and private market channels. Its primary product range consists of cabinet X-ray scanners used for scanning mail and small packages

in mail rooms, and in government and commercial buildings. The business services an array of markets and its customers include Government bodies, financial services companies and large, international corporate entities.

In addition to its own products, Todd Research supplies a wide range of third party security systems, often as part of an integrated package, having first carried out a security needs assessment for the customer.

Typically, approximately 50 per cent. of Todd Research's income is derived from ongoing service contracts on its large installed base of over 700 systems in, for example embassies, banks and government buildings worldwide. As these systems are often deployed in public places, regular maintenance is compulsory, meaning customers must establish annual maintenance contracts.

In the year to 31 March 2018 Todd Research achieved £2.1 million of sales (2017: £1.9 million) at a gross margin of 66 per cent. (2017: 75 per cent.) leading to pre-tax attributable profits of £470k (2017: £731k). In FY2018, pursuing an organic growth strategy rather than a sale of the business, Todd Research made a number of non-recurring investments together adding costs of £185k in the year. If these non-recurring costs are removed from FY2018, a normalised profit before tax of £655k is reached.

It is expected that Todd Research profits for part of August and September will be included in the accounts of the Enlarged Group for the year to September 2018. Offset against this will be Acquisition costs of approximately £271,000.

The Directors believe that the Acquisition will be earnings enhancing in the first full year of ownership.

### **3. Background to and reasons for the Acquisition**

Image Scan's Chairman first approached Todd Research as a potential acquisition in 2015. In order to create links between the two companies, a distribution agreement was established under which Image Scan won five separate contracts for Todd Research's cabinet x-ray systems. This period allowed the Company to become familiar with Todd's products and demonstrated that new markets could be found for them through the Company's extensive routes to international security markets. The first negotiations to acquire Todd Research started in late 2016 and eventually resulted in an agreed offer.

The Board believes that Todd Research represents a significant opportunity in the context of the Group's stated growth and acquisition strategy. Furthermore, the Board believes that the Acquisition will provide a number of commercial, financial and operational benefits which are expected to create additional value for Shareholders.

### **4. Post-Acquisition strategy**

The Company and Todd Research bring together complementary expertise, complementary technology and access to complementary markets helping the Enlarged Group enhance its position as a leading provider of security solutions. The Board intends that Todd Research will be integrated into Image Scan's trading subsidiary, 3DX-RAY Limited.

The Company will use its extensive network of international partners to promote Todd Research's products into a wide range of international markets where they have not previously been sold, drawing on the experience of marketing these products under the distribution agreement. The Company will also seek to exploit Todd Research's strong UK customer base to seek new outlets for its portable X-ray systems.

The Company plans to investigate how its wide portfolio of X-ray technology, detection techniques and image processing algorithms can be used to enhance Todd Research's cabinet X-ray to further increase their competitiveness and create new opportunities.

Todd Research has been run as a division within a larger company owned by the same venture capital group, so there are no directors or senior corporate staff within the acquired business. It is intended that the nine staff within the business will be integrated under the Directors and senior managers of the Company. Manufacturing of the cabinet X-ray systems will be moved to the Company's site in Loughborough and a serviced office facility is being sought for staff that will remain in Cambridgeshire. Todd Research has an established reputation for quality which is consistent with the ethos of the Group.

The Directors believe that the Acquisition could create the potential for further acquisitions with similar opportunities for synergy and growth.

## 5. Principal terms of the Share Purchase Agreement

On 16 July 2018, the Company entered into the Share Purchase Agreement with the Vendor to conditionally acquire the entire issued share capital of Todd Research, for an aggregate sum of £3,250,000 subject to adjustment as set out in the Share Purchase Agreement by reference to a target net asset value of £200,000. The total consideration will be funded from the proceeds of the Fundraising and Vendor Loan Notes.

The Vendor has agreed, severally, to give warranties in relation to the Todd Research business to the Company. The warranties are qualified by the Disclosure Letter (as such term is defined in the Share Purchase Agreement) and certain limitations on liability. The maximum liability pursuant to the warranties given by the Vendor is limited to the £25,000. However the Company has obtained warranty and indemnity insurance in respect of the balance up to £3,250,000. The time limit for bringing claims (other than for tax matters) expires two years after Completion (or seven years after Completion in respect of claims under the tax warranties or the tax covenant).

Completion is conditional on the Placing becoming unconditional. If any conditions are not satisfied on or before 15 August 2018 or, if applicable, waived, the Acquisition will not proceed.

## 6. Background to and reasons for the Placing

The Placing is conditional, *inter alia*, on the passing by Shareholders of Resolutions 1 and 2 at the General Meeting which will give the Directors the required authority to allot shares and to disapply statutory pre-emption rights in respect of the allotment of the Placing Shares. The net proceeds of the Placing will be used to fund the Acquisition. Subject to all relevant conditions being satisfied (or, if applicable, waived), it is expected that the Placing Shares will be issued and admitted to trading on AIM on or around 8 August 2018.

The Placing is not a rights issue or open offer and the Placing Shares will not be offered generally to Shareholders on a pre-emptive basis. The Directors believe that the additional cost and delay involved in a rights issue or open offer would not be in the best interests of the Company in the circumstances and, accordingly, the Board considers that it is in the best interests of the Company and Shareholders as a whole for the funds to be raised through the Placing.

## 7. Director's Participation and shareholdings

The Directors are participating in the Placing, amounting to an aggregate subscription for 1,250,000 Placing Shares or approximately 4.0 per cent. of the Fundraising. Following the Fundraising, the Directors will beneficially own, in aggregate, 4.2 per cent. of the Enlarged Share Capital.

<i>Director</i>	<i>Number of Ordinary Shares held prior to the Placing</i>	<i>Number of Placing Shares subscribed for</i>	<i>Total number of Ordinary Shares held following the Placing*</i>	<i>Percentage of Enlarged Issued Share Capital*</i>
William Mawer	5,204,682	625,000	5,829,682	3.48%
Tim Jackson	0	625,000	625,000	0.37%
Richard Leaver	500,000	0	500,000	0.30%
Vincent Deery	83,077	0	83,077	0.05%

\* Assuming the Resolutions 1 and 2 are passed at the General Meeting

## 8. Details of the Fundraising

### *Placing*

The Company is proposing to raise £1,000,000 (before expenses) by way of a placing of 25,000,000 New Shares at the Placing Price. The Placing Shares will represent approximately 14.9 per cent. of the Enlarged Share Capital.

The Placing Price represents a discount of 27.3 per cent. to the Closing Price of 5.5 pence per Ordinary Share on 16 July 2018, being the last dealing day prior to the date of this document.

In connection with the Placing, the Company has entered into the Placing Agreement pursuant to which Cantor Fitzgerald Europe, as agent for the Company, has agreed, in accordance with the terms of the Placing Agreement, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing is not being underwritten.

The Placing Agreement contains customary warranties given by the Company to Cantor Fitzgerald Europe with respect to the Company's business and customary indemnities given by the Company to Cantor Fitzgerald Europe in respect of liabilities arising out of or in connection with the Placing. Cantor Fitzgerald Europe are entitled to terminate the Placing Agreement in certain circumstances prior to Admission, including circumstances where any of the warranties are found not to be true or accurate or were misleading and which in any such case is material, or on the occurrence of certain *force majeure* events.

The Placing (raising gross proceeds of £1,000,000 at the Placing Price) is conditional, *inter alia*, on:

- completion of the Placing;
- the passing of Resolutions 1 and 2;
- the conditions in the Placing Agreement relating to the Placing being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to Admission; and
- Admission of the Placing Shares becoming effective by no later than 8.00 a.m. on 8 August 2018 (or such later time and/or date as the Company and Cantor Fitzgerald Europe may agree, but in any event not later than 8.00 a.m. on 10 September 2018).

The Placing Shares will be issued credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid after Admission of the Placing Shares and will otherwise rank on Admission *pari passu* in all respects with the Existing Ordinary Shares. The Placing Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

#### *Subscription*

Pursuant to the Subscription Agreement, Spring Ventures Group Investments Limited has conditionally agreed to subscribe for the Subscription Shares raising £250,000 in aggregate at the Placing Price. The Subscription is conditional, *inter alia*, on Admission becoming effective by not later than 8.00 a.m. on 10 August 2018 or such later date as the Company may determine being not later than 8.00 a.m. on 10 September 2018. The Subscription Shares will represent 3.7 per cent. of the Enlarged Share Capital.

The Subscription Agreement contains certain warranties given by the Company including the accuracy of information given to Supply Ventures Group Investments Limited and other matters relating to the Company and its business.

The Company, Cantor Fitzgerald Europe and Spring Ventures Group Investments Limited have entered into a lock-in deed, pursuant to which Spring Ventures Group Investments Limited have agreed that subject to certain customary exceptions, (i) for a period of six months from the date of Admission, neither they nor their connected persons shall transfer or dispose of the Subscription Shares; and (ii) for a further period of six months, Spring Ventures Group Investments Limited shall only be able to transfer or dispose of Ordinary Shares in which they have a beneficial interest through the Company's broker in order to maintain an orderly market in the Ordinary Shares.

The Subscription Shares will be issued credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid after Admission of the Subscription Shares and will otherwise rank on Admission *pari passu* in all respects with the Existing Ordinary Shares. The Subscription Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

### *Total Voting Rights*

Following Admission of the New Shares, the enlarged issued share capital of the Company will be 167,604,577 Ordinary Shares. These figures may be used by Shareholders, from Admission of the New Shares respectively, as the denominator for calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, their share Capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

## **9. Information about Image Scan**

Image Scan is focused on the development and commercialisation of market leading real-time X-ray solutions for use in the global security and industrial markets. The Company's security portfolio includes the ThreatScan® range of portable bomb and suspect package detection systems; the Axis range of baggage inspection systems; and SVXI, a small vehicle inspections system. The Company's security customers include police, military, security services, bomb disposal teams, prisons, ports, airports, cargo handlers, freight forwarders, corporate HQs, mail rooms and stadia and events operators. The industrial solutions include the MDXi product range, primarily used to inspect catalytic converters and diesel particulate filters in automotive supply chains.

As stated in the Annual Report and accounts for the year ended 30 September 2017 and announced on 15 January 2018, the performance of the Group during 2017 represented another year of improvement in its order book. The Group started the year with an order book of £1.7 million (2016: £0.7 million), won new orders worth £5.4 million (2016: £4.3 million) and made sales of £5.0 million (2016: £3.3 million), finishing the year with an order book of £2.1 million (2016: £1.7 million). Gross margin on sales remained strong at 38 per cent. (2016: 42 per cent). The small decrease in gross margin sales reflected a change in product mix and selective use of aggressive pricing to break into new markets. Profit was £477k (2016: £105k).

The Company's short-term focus is to continue the momentum developed in the portable X-ray area, driving further innovations into the product range and attacking new territories. The Company plans to continue widening its product offering in the portable security market through its research and development team. The Company will continue to drive for wider deployment of its industrial inspection systems with both current and new customers. In both security and industrial inspection, the Company will seek to diversify its customer base and reduce its dependence on individual customers.

## **10. Capital reduction**

In light of the Company's recent and anticipated further operational progress, the Board believes it is an appropriate time to create additional distributable reserves which would provide the Company with flexibility in relation to future dividends.

Accordingly, your approval is being sought to carry out a reduction of the Company's capital by way of the cancellation of the whole of the amount standing to the credit of the Company's share premium account so as to create additional distributable reserves.

The Capital Reduction is conditional upon, amongst other things, the Company obtaining Shareholder approval at the General Meeting.

In addition to the approval by the Shareholders of the Capital Reduction Resolution, the Capital Reduction requires the approval of the Court. Accordingly, following approval of the Capital Reduction by Shareholders, an application will be made to the Court in order to confirm and approve the Capital Reduction.

The cancellation, if approved by the Court, will create additional distributable reserves which will augment the Company's existing distributable reserves from which dividends can be made to its Shareholders.

In seeking the Court's approval of the Capital Reduction, the Court may require protection for the creditors (including contingent creditors) of the Company whose debts remain outstanding on the relevant date, except in the case of creditors which have consented to the Capital Reduction. Any such creditor protection may include seeking the consent of the Company's creditors to the Capital Reduction or the provision by the Company to the Court of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging the non-consenting creditors of the Company.

The Capital Reduction itself will not involve any distribution or repayment of capital or share premium by the Company, and will not reduce the underlying net assets of the Company.

Following the implementation of the Capital Reduction, there will be no change in the number of Ordinary Shares in issue. No new share certificates will be issued as a result of the Capital Reduction.

## **11. General meeting**

Set out at the end of this document is a notice convening a General Meeting of the Company to be held at the offices of Cantor Fitzgerald Europe, One Churchill Place, Canary Wharf, London E14 5RB at 10.00 a.m. on 7 August 2018.

At the Annual General Meeting of the Company on 27 February 2018, the Company did not renew its standing authority to (i) grant the Directors authority to allot equity securities, or (ii) disapply statutory pre-emption rights to allow the allotment by the Directors of equity securities for cash without the requirement for such equity securities to be first offered to existing Shareholders. The placing of the Placing Shares therefore requires Shareholder approval to proceed. Accordingly, the placing of the Placing Shares and the Acquisition is conditional on the passing by the Shareholders of Resolutions 1 and 2.

Shareholder approval is also required to authorise the Capital Reduction. However, the Capital Reduction is not conditional on the passing of the Resolutions, other than the Capital Reduction Resolution.

The purpose of the General Meeting is to authorise the Directors to allot the New Shares, without reference to statutory pre-emption rights, in order to allow the Placing to proceed.

Shareholders will be asked to consider and, if thought fit, to pass the following resolutions:

### *Resolution 1*

an Ordinary Resolution to authorise the Directors to allot (in connection with the Fundraising) shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to a maximum nominal amount of £312,500 (being equivalent to 31,250,000 New Shares);

### *Resolution 2*

a Special Resolution, conditional on the passing of Resolution 1, to grant the Directors power to allot equity securities in connection with the Fundraising for cash pursuant to section 570 and section 573 of the Act as if section 561 (1) of the Act did not apply to such allotment provided that this power shall be limited to the allotment of equity securities for cash to any person or persons of equity securities up to an aggregate nominal amount of £312,500 (being equivalent to 31,250,000 New Shares); and

### *Resolution 3*

a Special Resolution, to authorise the Capital Reduction.

## **12. Admission, settlement and CREST**

Applications will be made to the London Stock Exchange for the admission of the New Shares to trading on AIM. It is expected that Admission in respect of the New Shares will become effective on or around 8 August 2018 and that dealings in the New Shares will commence at that time.

The Company's Articles permit the Company to issue shares in uncertificated form. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities to be held in electronic rather than paper form. The Ordinary Shares are already admitted to CREST and therefore the New Shares will also be eligible for settlement in CREST. CREST is a voluntary system and Shareholders who wish to retain certificates will be able to do so upon request. The Placing Shares due to uncertificated holders are expected to be delivered in CREST on 8 August 2018 in respect of the New Shares.

### **13. Action to be taken by Shareholders in respect of the General Meeting**

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not Shareholders propose to attend the General Meeting in person, it is important that Shareholders complete and sign the enclosed Form of Proxy in accordance with the instructions printed thereon and return it to the Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD, as soon as possible and, in any event, so as to be received not later than 10.00 a.m. on 3 August 2018. The completion and return of a Form of Proxy will enable a Shareholder to vote at the General Meeting without having to be present in person but will not preclude a Shareholder from attending the General Meeting and voting in person if he or she so wishes. If a Shareholder has appointed a proxy and attends the General Meeting in person, his or her proxy appointment will automatically terminate and his or her vote in person will stand in its place.

### **14. Recommendation**

**The Board considers that the passing of the Resolutions is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their own beneficial holdings of 5,787,759 Ordinary Shares representing approximately 4.24 per cent. of the Company's Existing Ordinary Shares.**

Yours faithfully

William R Mawer  
*Executive Chairman*

# IMAGE SCAN HOLDINGS PLC

## NOTICE OF GENERAL MEETING

**NOTICE IS GIVEN** that a **GENERAL MEETING** of Image Scan Holdings Plc (“the Company”) will be held at the offices of Cantor Fitzgerald Europe, One Churchill Place, Canary Wharf, London E14 5RB at 10.00 a.m. on 7 August 2018 for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as an ordinary resolution, and Resolutions 2 and 3 will be proposed as special resolutions.

## RESOLUTIONS

### Ordinary Resolution

1. THAT, pursuant to and in accordance with section 551 of the Companies Act 2006 (the “Act”) the directors of the Company be generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (“Rights”) up to a maximum nominal amount of £312,500 in connection with the Fundraising as described in the circular to the shareholders of the Company dated 17 July 2018 of which this notice forms part (the “Circular”), such authority to apply until immediately following Admission (as defined in the Circular) (unless previously revoked or varied by the Company in a general meeting), save that the Company may prior to the expiry of such period make any offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors of the Company shall be entitled to allot shares and to grant Rights pursuant to any such offer or agreement as if this authority had not expired.

### Special Resolutions

2. THAT, subject to the passing of Resolution 1, and in substitution for all existing authorities, the directors of the Company be empowered pursuant to Section 570 and 573 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred by Resolution 1 above as if Section 561(1) of the Act did not apply to any such allotment. The power shall be limited to the allotment of equity securities in connection with the Fundraising (as defined in the Circular) for cash up to the aggregate nominal amount of £312,500 (being approximately 22.9 per cent. of the Company’s issued share capital as shown by the latest published annual financial statements of the Company) and shall apply until immediately following Admission (as defined in the Circular) (unless previously revoked or varied by the Company in a general meeting), save that the directors of the Company be entitled to make at any time prior to the expiry of the power hereby conferred any offer or agreement which would or might require securities to be allotted after expiry.
3. THAT the share premium account of the Company be cancelled.

*Registered Office:*

16 & 18 Hayhill Industrial Estate  
Sileby Road  
Barrow-upon-Soar  
Loughborough  
Leicestershire  
LE12 8LD

*By order of the Board*

Sarah Atwell King  
Company Secretary

Dated: 17 July 2018

Notes:

### **1. Entitlement to attend and vote**

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company specifies that only those holders of ordinary shares of 1p each in the capital of the Company registered in the Company's register of members at:

1.1. 10.00 a.m. on 3 August 2018; or

1.2. if this meeting is adjourned, at 10.00 a.m. two working days prior to the adjourned meeting;

shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares of 1p each in the capital of the Company registered in their name at that time.

Subsequent changes to entries in the register of members as at 10.00 a.m. on 3 August 2018 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

If you plan to attend the General Meeting, please inform the Company Secretary in advance on CoSec@ish.co.uk to ensure that you gain admission to the meeting as quickly as possible. Please note that if you are not listed in advance, due to the security arrangements, you will need to arrive at the building at least 15 minutes prior to the start of the meeting. All attendees must have at least one form of photo ID.

### **2. Appointment of proxies**

2.1 If you are a member of the Company at the time set out in paragraph 1.1 or 1.2 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting (whether on a show of hands or on a poll) 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 your proxy form.

2.2 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.

2.3 The notes to the proxy form explain how to direct your proxy to vote on the Resolutions or withhold their vote. To appoint a proxy using the proxy form, the form must be:

2.3.1 completed and signed;

2.3.2 sent or delivered to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD (the "Registrars"); and

2.3.3 received by Neville Registrars no later than 10.00 a.m. on 3 August 2018.

2.4 In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. 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.

2.5 A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

2.6 To direct your proxy how to vote on the Resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on the Resolutions, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

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

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

2.9 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.

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

2.11 As an alternative to completing the proxy form, shareholders can appoint proxies electronically with the Company's Registrars via [www.sharegateway.co.uk](http://www.sharegateway.co.uk) using the shareholder's personal proxy registration code as shown on the proxy form. For an electronic proxy appointment to be valid, your appointment must be received by Neville Registrars Limited no later than 10.00 a.m. on 3 August 2018.

### **3. Attending in person**

The sending of a completed form of proxy to the Company's Registrars will not preclude members from attending and voting at the meeting, or any adjournment thereof, in person, should they so wish.

