

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser in your own jurisdiction.**

If you have sold or otherwise transferred all of your Ordinary Shares in AFC Energy plc, please forward this document together with 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 delivery to the purchaser or transferee. However, such documents should not be distributed, forwarded or transmitted in or into any jurisdiction in which such an act would constitute a breach of the relevant laws of such jurisdiction.

The issue of the Fundraising Shares will not constitute an offer to the public requiring an approved prospectus under section 85 of the Financial Services and Markets Act 2000 (as amended) and accordingly this document does not constitute a prospectus, nor does it constitute an admission document drawn up in accordance with the AIM Rules. This document does not constitute or form part of any offer or invitation to sell or issue, or a solicitation of any offer to acquire, purchase or subscribe for, Ordinary Shares.

Applications have been made for the new Ordinary Shares being issued pursuant to the Firm Fundraise to be admitted to trading on AIM, with dealings expected to commence on 3 July 2020 in respect of the Tax Qualifying Shares and 6 July 2020 in respect of the remaining Firm Fundraising Shares. In due course application will be made for the Conditional Fundraising Shares to be admitted to trading on AIM and, on the assumption that, *inter alia*, Resolution 1 is passed, dealings are expected to commence on 20 July 2020. The Fundraising Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or after the date on which they are used or transferred (as appropriate).

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. Neither the London Stock Exchange nor the UK Listing Authority has examined or approved the contents of this document.

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# **AFC Energy plc**

*(Incorporated and registered in England and Wales with registered number 05668788)*

## **Placing of 101,403,000 Conditional Placing Shares**

## **Subscription for 625,000 Subscription Shares**

## **Notice of General Meeting**

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You are recommended to read the whole of this document but your attention is drawn to the letter from the Chairman of the Company, which is set out on pages 10 to 14 of this document and which provides details of the Fundraising and recommends you to vote in favour of the Resolutions to be proposed at the General Meeting.

**Notice of a General Meeting of AFC Energy plc to be held at the offices of the Company at Unit 71.4, Dunsfold Park, Stovolds Hill, Cranleigh, Surrey GU6 8TB at 11.00 a.m. on 17 July 2020 is set out at the end of this document. For the reasons given below in relation to the conduct of the General Meeting in light of the COVID-19 pandemic, you are urged to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon so as to arrive as soon as possible and in any event not later than 11.00 a.m. on 15 July 2020.**

### **IMPORTANT NOTICE RE COVID-19**

**In light of the Government’s directive limiting gatherings, it is necessary for the Company to restrict physical participation at the General Meeting in line with current guidance and legislation. The General Meeting will be kept as concise and efficient as possible and physical attendance will be limited to the minimum number of persons to ensure the meeting is quorate and can conduct the business of the meeting. The Company has determined that the Resolutions to be proposed at the General Meeting shall be voted on through a poll rather than on a show of hands. The Company believes that this is the best and fairest way to ensure that the votes of all Shareholders can be taken into account, whilst also preventing the Company and Shareholders breaching applicable regulations. Accordingly the Company encourages all Shareholders to submit their Form of Proxy, rather than attend the meeting in person.**

WH Ireland, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and for no one else in connection with the matters described in this document, and accordingly will not be responsible to any person other than the Company for providing the protections afforded to customers of WH Ireland, or for providing advice to any other person in relation to the arrangements described in this document.

M C Peat & Co, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and for no one else in connection with the matters described in this document, and accordingly will not be responsible to any person other than the Company for providing the protections afforded to customers of M C Peat & Co, or for providing advice to any other person in relation to the arrangements described in this document.

Zeus, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and for no one else in connection with the matters described in this document, and accordingly will not be responsible to any person other than the Company for providing the protections afforded to customers of Zeus, or for providing advice to any other person in relation to the arrangements described in this document.

LGB, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and for no one else in connection with the matters described in this document, and accordingly will not be responsible to any person other than the Company for providing the protections afforded to customers of LGB, or for providing advice to any other person in relation to the arrangements described in this document.

The release, publication or distribution of this document into certain jurisdictions may be restricted by law, and any persons into whose possession this document comes should therefore inform themselves about and observe any applicable restrictions or requirements. No action has been taken by the Company or the Joint Bookrunners that would permit possession or distribution of this document in any jurisdiction where action for that purpose is required. Any failure to comply with any such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of, issue or purchase, any security (including, without limitation, the Fundraising Shares). Copies of this document can be downloaded from the Company's website, [www.afcenergy.com](http://www.afcenergy.com). However, the contents of the Company's website or any hyperlinks accessible from the Company's website do not form part of this document and Shareholders should not rely on them.

The Fundraising Shares 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 and, absent registration or an exemption therefrom, may not be offered or sold in the United States. The Fundraising Shares will not be registered under any of the relevant securities laws of Canada, Australia, Japan or the Republic of South Africa. Accordingly, unless otherwise determined by the Company and permitted by the applicable law and regulations, the Fundraising Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into the United States, Canada, Australia, Japan or the Republic of South Africa.

This document includes statements that are, or may be deemed to be, forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places through this document and include statements regarding the Directors' intentions, beliefs or current expectations concerning, amongst other things, the Company's results of operations, financial condition, liquidity, prospects, growth and strategies. By their nature, forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the AIM Rules or other applicable legislation or regulation, neither the Company nor the Joint Bookrunners undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Undue reliance should not be placed on forward-looking statements, which speak only as of the date of this document. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in expectations and assumptions used and changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

This document is dated 1 July 2020.

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## FUNDRAISING STATISTICS

Issue Price	16 pence
Number of Existing Ordinary Shares	478,489,644
Number of Tax Qualifying Shares to be issued pursuant to the Firm Placing	24,364,875
Number of Ordinary Shares in issue immediately following First Admission	502,854,519
Number of Non-Tax Qualifying Shares to be issued pursuant to the Firm Fundraising	61,732,125
Number of PrimaryBid Shares	9,375,000
Number of Ordinary Shares in issue immediately following Second Admission	573,961,644
Number of Conditional Fundraising Shares to be issued pursuant to the Conditional Fundraising	102,028,000
Number of Ordinary Shares in issue immediately following Third Admission	675,989,644
Total number of new Ordinary Shares to be issued pursuant to the Firm Fundraising and the Conditional Fundraising	197,500,000
Percentage of the Enlarged Issued Share Capital represented by the Fundraising Shares	29.2 per cent.
Gross proceeds of the Fundraising	Approximately £31.6 million
Estimated net proceeds of the Fundraising	Approximately £30.2 million

The statistics above assume the passing of the Resolutions at the General Meeting and therefore the Admission of all new Ordinary Shares pursuant to the Fundraising.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

**2020**

Announcement of the Fundraising	30 June
Announcement of the results of the Fundraising	1 July
Circular and Form of Proxy posted to Shareholders	1 July
First Admission of the Tax Qualifying Shares to trading on AIM	8.00 a.m. on 3 July
Expected date for CREST accounts to be credited in respect of the Tax Qualifying Shares in uncertificated form	3 July
Second Admission of the Firm Fundraising Shares other than the Tax Qualifying Shares	8.00 a.m. on 6 July
Expected date for CREST accounts to be credited in respect of the Firm Fundraising Shares other than the Tax Qualifying Shares in uncertificated form	6 July
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 15 July
General Meeting	11.00 a.m. on 17 July
Third Admission of the Conditional Fundraising Shares to trading on AIM	20 July
Expected date for CREST accounts to be credited in respect of the Conditional Fundraising Shares in uncertificated form	20 July
Where applicable, expected date for dispatch of definitive share certificates for Fundraising Shares in certificated form	Within 14 days of First Admission, Second Admission and Third Admission as appropriate
Long Stop Date	8.00 a.m. on 31 July 2020

### *Notes*

1. Each of the times and dates above are indicative only and if any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service.
2. All of the above times refer to London time unless otherwise stated.
3. All events listed in the above timetable in relation to the Conditional Fundraising are conditional on the passing at the General Meeting of the Resolutions.

## DEFINITIONS

<b>“2020 AGM”</b>	the Annual General Meeting of the Company held on 23 April 2020
<b>“Admissions”</b>	any of First Admission, Second Admission and/or Third Admission as the context admits
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time
<b>“Announcement”</b>	the announcement made by the Company on 30 June 2020 setting out the terms and conditions of the proposed Fundraising
<b>“Articles”</b>	the articles of association of the Company (as amended from time to time)
<b>“Business Day”</b>	any day on which banks are usually open for business in England and Wales for the transaction of sterling business, other than a Saturday, Sunday or public holiday
<b>“Closing Price”</b>	the closing middle market price of an Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
<b>“Company” or “AFC Energy”</b>	AFC Energy plc, a company incorporated in England and Wales under the Companies Act 1985 with registered number 05668788
<b>“Companies Act”</b>	the Companies Act 2006, as amended
<b>“Conditional Fundraise”</b>	the Conditional Placing and the Subscription
<b>“Conditional Fundraising Shares”</b>	102,028,000 new Ordinary Shares comprising the Conditional Placing Shares and the Subscription Shares
<b>“Conditional Placing”</b>	the conditional placing by the Joint Bookrunners (on behalf of the Company) of the Conditional Placing Shares at the Issue Price subject to, <i>inter alia</i> , the passing of the Resolution 1 and Third Admission
<b>“Conditional Placing Shares”</b>	101,403,000 new Ordinary Shares to be allotted and issued pursuant to the Conditional Placing
<b>“CREST” or “CREST system”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations)
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI2001/3755)
<b>“Directors” or “Board”</b>	the directors of the Company or any duly authorised committee thereof
<b>“EIS”</b>	the Enterprise Investment Scheme under the provisions of Part 5 of the UK Income Tax Act 2007 (as amended)
<b>“Enlarged Issued Share Capital”</b>	the Ordinary Shares which shall be in issue immediately following Third Admission
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>“Existing Ordinary Shares”</b>	the 478,489,644 Ordinary Shares in issue at the date of this document

<b>“FCA”</b>	the Financial Conduct Authority
<b>“Firm Fundraise”</b>	the Firm Placing and the PrimaryBid Offer
<b>“Firm Fundraising Shares”</b>	95,472,000 new Ordinary Shares comprising the Firm Placing Shares and the PrimaryBid Shares
<b>“Firm Placing”</b>	the placing of the Firm Placing Shares at the Issue Price by the Joint Bookrunners on behalf of the Company
<b>“Firm Placing Shares”</b>	86,097,000 new Ordinary Shares, comprising the Tax Qualifying Shares and the Non-Tax Qualifying Shares, to be allotted and issued pursuant to the Firm Placing
<b>“First Admission”</b>	the admission of the Tax Qualifying Shares to trading on AIM becoming effective in accordance with Rule 6 the AIM Rules
<b>“Form of Proxy”</b>	the form of proxy for use in connection with the General Meeting which accompanies this document
<b>“FSMA”</b>	the Financial Services and Markets Act 2000
<b>“Fundraising”</b>	the proposed Placing, the PrimaryBid Offer and the Subscription
<b>“Fundraising Shares”</b>	the Firm Fundraising Shares and the Conditional Fundraising Shares
<b>“General Meeting”</b>	the general meeting of the Company convened for 11.00 a.m. on 17 July 2020 (or any adjournment thereof) at which the Resolutions will be proposed, notice of which is set out at the end of this document
<b>“Issue Price”</b>	16 pence per Fundraising Share
<b>“Joint Bookrunners”</b>	WH Ireland, M C Peat & Co, Zeus and LGB
<b>“LGB”</b>	LGB & Co. Ltd, joint bookrunner to the Company in respect of the Placing
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“MAR”</b>	the Market Abuse Regulation (2014/596/EU) (incorporating the technical standards, delegated regulations and guidance notes, published by the European Commission, London Stock Exchange, the FCA and the European Securities and Markets Authority)
<b>“Material Adverse Change”</b>	any material adverse change in, or any development involving a prospective material adverse change in or affecting the condition (financial, operational, legal or otherwise), earnings, management, funding position, solvency, business affairs or operations of the Company, whether or not foreseeable at the date of the Placing Agreement and whether or not arising in the ordinary course of business
<b>“M C Peat &amp; Co”</b>	M C Peat & Co LLP, joint bookrunner to the Company in respect of the Placing
<b>“Non-Tax Qualifying Shares”</b>	the 61,732,125 Firm Placing Shares other than the Tax Qualifying Shares
<b>“Notice of General Meeting”</b>	the notice of General Meeting to be sent to Shareholders proposing the Resolutions
<b>“Ordinary Shares”</b>	ordinary shares of 0.1 pence each in the capital of the Company

<b>“Placing”</b>	the Firm Placing and the Conditional Placing by the Joint Bookrunners on behalf of the Company at the Issue Price pursuant to the Placing Agreement
<b>“Placing Agreement”</b>	the agreement dated 30 June 2020 between the Company and the Joint Bookrunners relating to the Placing
<b>“Placing Shares”</b>	the 187,500,000 new Ordinary Shares to be issued pursuant to the Placing
<b>“PrimaryBid”</b>	means PrimaryBid limited, a limited company registered in England and Wales (No. 08092575) with its registered office at 21 Albemarle Street, London W1S 4BS.
<b>“PrimaryBid Offer”</b>	the offer for subscription conducted by PrimaryBid of the PrimaryBid Shares at the Issue Price
<b>“PrimaryBid Shares”</b>	9,375,000 new Ordinary Shares, to be allotted and issued pursuant to the PrimaryBid Offer
<b>“Registrar” or “Computershare”</b>	Computershare Investor Services PLC, a limited company registered in England and Wales (No. 03498808) with its registered office at The Pavilions, Bridgwater Road, Bristol, BS13 8AE
<b>“Regulatory Information Service”</b>	one of the regulatory information services authorised by the FCA acting in its capacity as the UK listing authority to receive, process and disseminate regulatory information
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting and set out in the Notice of General Meeting
<b>“Second Admission”</b>	the admission of the Non-Tax Qualifying Shares and PrimaryBid Shares to trading on AIM becoming effective in accordance with Rule 6 the AIM Rules
<b>“Shareholders”</b>	the holders of Ordinary Shares (as the context requires) at the relevant time
<b>“Subscription”</b>	the proposed subscription of the Subscription Shares
<b>“Subscription Shares”</b>	the 625,000 Subscription Shares proposed to be issued pursuant to the Subscription
<b>“Tax Qualifying Shares”</b>	the 24,364,875 Firm Placing Shares that the Directors believe will rank as ‘eligible shares’ for the purposes of EIS and will be capable of being a ‘qualifying holding’ for the purposes of investment by VCTs.
<b>“Third Admission”</b>	the admission of the Conditional Placing Shares, the Conditional PrimaryBid Shares and the Subscription Share to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
<b>“uncertificated” or in “uncertificated form”</b>	recorded on the relevant register of Ordinary Shares 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>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and any other area subject to its jurisdiction

<b>“VCT”</b>	a company which is, or which is seeking to become, approved as a venture capital trust under the provisions of Part 6 of the Income Tax Act 2007
<b>“WH Ireland”</b>	WH Ireland Limited, nominated adviser to the Company and joint bookrunner to the Company in respect of the Placing
<b>“Zeus”</b>	Zeus Capital Limited, joint bookrunner to the Company in respect of the Placing
<b>“£”, “pounds sterling”, “pence” or “p”</b>	are references to the lawful currency of the United Kingdom

## LETTER FROM THE CHAIRMAN

# AFC Energy plc

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05668788)*

### *Directors:*

John Rennocks *(Non-Executive Chairman)*  
Adam Bond *(Chief Executive Officer)*  
Graeme Lewis *(Chief Financial Officer)*  
Jim Gibson *(Chief Operating Officer)*  
Gerry Agnew *(Non-Executive Director)*  
Joe Mangion *(Non-Executive Director)*

### *Registered Office:*

Unit 71, 4 Dunsfold Park  
Stovolds Hill  
Cranleigh  
Surrey  
GU6 8TB

1 July 2020

*To the holders of the Ordinary Shares, and for information, to the holders of share options*

Dear Shareholder,

### **Placing of 101,403,000 Conditional Placing Shares**

### **Subscription for 625,000 Subscription Shares**

### **Notice of General Meeting**

#### **1. Introduction and summary**

On 1 July 2020, the Company announced that it had conditionally raised approximately £31.6 million before expenses through the Fundraising by the issue of 197,500,000 new Ordinary Shares at a price of 16 pence per share. The Fundraising consists of the Placing, the PrimaryBid Offer and the Subscription. The Fundraising is being implemented in two tranches, one unconditional, the Firm Fundraise, and one conditional, the Conditional Fundraise.

The Firm Fundraise comprises the placing and subscription of 95,472,000 new Ordinary Shares at the Issue Price. A total of approximately £15.3 million, before expenses, has been raised by way of the Firm Fundraise utilising the existing share authorities granted at the 2020 AGM. The Firm Fundraise is conditional on compliance by the Company in all material respects with its obligations under the Placing Agreement and the occurrence of First Admission and Second Admission.

The Conditional Fundraise comprises the placing and subscription of 102,028,000 new Ordinary Shares at the Issue Price. The Conditional Fundraise will raise approximately £16.3 million before expenses. The Conditional Fundraise is conditional upon, among other things, Shareholders approving Resolution 1 at the General Meeting, compliance by the Company in all material respects with its obligations under the Placing Agreement and the occurrence of First Admission, Second Admission and Third Admission.

The Issue Price represents a discount of approximately 25.2 per cent. to the closing mid-market price of 21.4 pence per Existing Ordinary Share on 29 June 2020, being the latest practicable date prior to the announcement of the Fundraising.

**The purpose of this document is to provide you with information about the background to and the reasons for the Fundraising, to explain why the Board considers the Fundraising to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of Resolution 1 to approve the Conditional Fundraise and other Resolutions to be proposed at the General Meeting.**

A notice convening the General Meeting to approve the Resolutions is set out at the end of this document.

**Please see the important notice set out in paragraph 9 of this document concerning the implications that COVID-19 will have on attendance at the General Meeting and the measures that the Company is putting in place in respect of the same.**

## **2. Background to and reasons for the Fundraising**

The Company is entering into a new phase of its business as it plans to deploy its products commercially. As it does so, an increasing emphasis will be placed on the manufacturing scale up and commercial deployment of its fuel cell systems and the resources necessary to implement this.

The Company believes that with systems built and available for deployment, the ability to meet customer demand will be accelerated.

To this end, the Company is looking to raise gross proceeds of £31.6 million by means of the Fundraising.

### ***Use of proceeds***

The proceeds of the Fundraising will be used to support the continued development of the Company as it moves from the development phase of its products and technology into the manufacture and commercialisation of them.

In particular, the proceeds of the Fundraising will facilitate:

- the multiple manufacture of new H-Power™ fuel cell systems capable of deployment in the next 12-24 months to meet projected customer demand – combined 20kW and 160kW units are expected to be built, including the 160kW H-Power™ system for trialling by ACCIONA in 2021;
- the employment of new manufacturing, product engineers and commercial staff in support of the deployment of H-Power™ systems into the Company's key target markets (electric vehicles and construction);
- the development and implementation of its strategy for scale up of manufacturing and system assembly;
- an acceleration in the development of the Company's AlkaMem™ anion exchange membrane with scale up of manufacture and validation testing pre commercial deployment; and
- the delivery of solid-state membrane fuel cell system (HydroX-Cell(S)™) for published target release date in 2022 which the Directors expect will open new markets.

In addition, the Fundraising will also support and finance the warranties required in connection with systems deployed into commercial applications.

## **3. Details of the Placing**

Subject to the satisfaction of (1) the conditions under the Firm Placing; and (2) the conditions under the Conditional Placing including, among other things, the passing of Resolution 1, the Company has placed a total of 187,500,000 new Ordinary Shares raising in aggregate £30 million, before expenses. The Placing Shares have been conditionally placed by the Joint Bookrunners, as agents for the Company with institutional and other investors.

The Firm Placing comprises the Tax Qualifying Shares, which will be admitted to trading on AIM at First Admission, and the Non-Tax Qualifying Shares, which will, along with the PrimaryBid Shares, be admitted to trading on AIM, at Second Admission.

The Firm Placing and the Conditional Placing are conditional, amongst other things, upon:

- (i) none of the warranties given by the Company to the Joint Bookrunners being untrue, inaccurate or misleading in each case by reference to the facts and circumstances then subsisting;
- (ii) the Company having performed all of its obligations under the Placing Agreement to be performed prior to the relevant Admission and not being in breach of the Placing Agreement;

- (iii) there not having occurred, in the opinion of the Joint Bookrunners (acting together and in good faith), a Material Adverse Change at any time prior to the relevant Admission;
- (iv) Admission of the Tax Qualifying Shares becoming effective by not later than 8.00 a.m. on 3 July 2020 (or such later time or date as the Company and the Joint Bookrunners may agree, not later than 8.00 a.m. on 10 July 2020);
- (v) Admission of the Non Tax Qualifying Shares becoming effective by not later than 8.00 a.m. on 6 July 2020 (or such later time or date as the Company and the Joint Bookrunners may agree, not later than 8.00 a.m. on 13 July 2020); and
- (vi) Admission of the Conditional Placing Shares becoming effective by not later than 8.00 a.m. on 20 July 2020 (or such later time or date as the Company and the Joint Bookrunners may agree, not later than 8.00 a.m. on 31 July 2020).

In addition, the Conditional Placing is conditional, among other things, upon Resolution 1 to be proposed at the General Meeting being passed without amendment.

The Placing Agreement contains customary warranties from the Company in favour of the Joint Bookrunners in relation to, *inter alia*, the accuracy of the information in the Announcement and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify the Joint Bookrunners in relation to certain liabilities that they may incur in respect of the Placing.

The Joint Bookrunners (together acting in good faith) have the right to terminate the Placing Agreement in certain circumstances prior to First Admission, Second Admission and Third Admission, including (but not limited to): in the event that any statement contained in the Announcement has, in the opinion of the Joint Bookrunners (acting in good faith), become or is discovered to be untrue, inaccurate or misleading; or there is discovered to be an omission from the Announcement or any of the warranties in the Placing Agreement were untrue or inaccurate in any material respect, or were misleading in any respect when given or in the event of a Material Adverse Change. The Joint Bookrunners shall also have a further right to terminate the Placing Agreement, if an event or other matter (including, without limitation, any change or development in economic, financial, political or other market conditions or any change in any government regulation) has occurred which, in the opinion of one of the Joint Bookrunners acting in good faith, makes it impractical or inadvisable for the Joint Bookrunners to perform their respective obligations under the Placing Agreement. For these purposes 'market conditions' includes conditions affecting securities in the business sector in which the Company operates and conditions affecting securities generally.

The Placing Shares are not subject to clawback. The Placing is not being underwritten. The Placing is not conditional on a minimum amount being raised.

#### **4. The Primary Bid Offer**

On 30 June 2020, as part of the Fundraising, PrimaryBid launched an offer for subscription for PrimaryBid Shares on behalf of the Company, successfully raising approximately £1.5 million at the Issue Price.

The PrimaryBid Offer is conditional upon (amongst other things) the Placing Agreement not having been terminated and Second Admission occurring on or before 8.00 a.m. on 6 July 2020 (or such later date and/or time as the Joint Bookrunners and the Company may agree, being no later than 8.00 a.m. on 13 July 2020 in respect of the Firm Placing).

#### **5. The Subscription**

Under the Subscription, the Company has conditionally raised approximately £0.1 million (before expenses) by way of the subscription of 625,000 new Ordinary Shares at the Issue Price.

The Subscription is conditional upon (amongst other things) the Placing Agreement not having been terminated, the passing of the Resolutions at the General Meeting and Third Admission occurring on or before 8.00 a.m. on 20 July 2020 (or such later date and/or time as the Joint Bookrunners and the Company may agree, being no later than 8.00 a.m. on 31 July 2020).

## 6. Settlement and dealings

The Fundraising Shares, when issued, will be fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue.

Applications have been or will be made to the London Stock Exchange for admission of the Firm Fundraising Shares to trading on AIM as follows:

- (i) it is expected that First Admission of the Tax Qualifying Shares will take place on or before 8.00 a.m. on 3 July 2020 and that dealings in the Tax Qualifying Shares on AIM will commence at the same time; and
- (ii) it is expected that Second Admission of the Firm Fundraising Shares excluding the Tax Qualifying Shares will take place on or before 8.00 a.m. on 6 July 2020 and that dealings in the Firm Fundraising Shares excluding the Tax Qualifying Shares on AIM will commence at the same time.

It is expected that Third Admission of the Conditional Fundraising Shares will take place on or before 8.00 a.m. on 20 July 2020 and that dealings in the Conditional Fundraising Shares on AIM will commence at the same time.

In accordance with the provisions of the Disclosure and Transparency Rules of the FCA, the Company confirms that, immediately following the Third Admission, its issued share capital will comprise 675,989,644 Ordinary Shares of 0.1 pence each. All Ordinary Shares shall have equal voting rights and, following the Fundraising, none of the Ordinary Shares will be held in treasury. The total number of voting rights in the Company immediately following Third Admission will therefore be 675,989,644.

## 7. Trading update and outlook

Since the announcement of its final results for the year ended 31 October 2019 on 28 February 2020, the Company has continued discussions with potential customers in anticipation of commercial deployment of its products.

The Company believes that had there been sufficient fuel cell systems manufactured and available for deployment in advance of contracts this would have simplified commercial negotiations and customer decision making.

The Company is focussed on scaling up its manufacturing capability and internal technical support across engineering and manufacturing teams to meet the needs of potential clients.

This strategy includes advancing work on the Company's HydroX-Cell(S)<sup>TM</sup> system and AlkaMem<sup>TM</sup> with prototype units expected later this year, building on interest in AlkaMem<sup>TM</sup> in non-fuel cell applications following recent deployment of sample products to commercial and academic institutions in Europe with an emphasis on Germany.

The Company's interim results for the six months ended 30 April 2020 are expected to report a loss after tax for the six months of approximately £1.8 million (H1 2019: Loss £1.9 million). The interim results are expected to be announced in the week commencing 20 July 2020.

In accordance with MAR, the Company is currently in a close period due to the forthcoming release of its interim results for the six month period ended 30 April 2020 and therefore the Directors cannot participate and will not be participating in the Fundraising.

## 8. 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 the Company, Unit 71. 4 Dunsfold Park Stovolds Hill, Cranleigh, Surrey, GU6 8TB at 11.00 a.m. on 17 July 2020. The Notice of General Meeting sets out the proposed Resolutions upon which Shareholders will be asked to vote. The Resolutions will address the matters set out below:

- **Resolution 1** – a special resolution to issue and allot the Conditional Fundraising Shares.

- **Resolution 2** – an ordinary resolution to provide general authority for the Directors to issue and allot a further £223,076.58 in nominal amount of Ordinary Shares from time to time, being an amount equal to approximately 33 per cent. of the Enlarged Issued Share Capital.
- **Resolution 3** – a special resolution to disapply statutory pre-emption rights in relation to the allotment by the Directors of a further £33,799.48 in nominal amount of Ordinary Shares, being an amount equal to approximately five per cent. of the Enlarged Issued Share Capital, pursuant to the authority to be granted pursuant to resolution 2 above.

## 9. Action to be taken

### IMPORTANT NOTICE REGARDING THE GENERAL MEETING AND COVID-19

**In light of the Government's directive limiting gatherings, it is necessary for the Company to restrict physical participation at the General Meeting in line with current guidance and legislation. The General Meeting will be kept as concise and efficient as possible and physical attendance will be limited to the minimum number of persons to ensure the meeting is quorate and can conduct the business of the meeting.**

**Shareholders will still be able to ask questions by email ahead of the meeting.**

**Given the restrictions on travel and public gatherings, the Company intends to limit physical participation of Shareholders in the meeting.**

**As such, the Company invites Shareholders to submit any specific questions in advance of the General Meeting. Any specific questions on the business of the General Meeting and Resolutions can be submitted ahead of the General Meeting by e-mail to [info@afcenergy.com](mailto:info@afcenergy.com) (marked for the attention of the CEO).**

**The Company has determined that the Resolutions to be proposed at the General Meeting shall be voted on through a poll rather than on a show of hands. The Company believes that this is the best and fairest way to ensure that the votes of all Shareholders can be taken into account, whilst also preventing the Company and Shareholders breaching applicable regulations.**

A Form of Proxy is enclosed for use at the General Meeting.

The Company encourages all Shareholders to either submit their Form of Proxy, rather than attend the meeting in person.

Completed Forms of Proxy should be returned in the reply paid envelope provided to Computershare Limited as soon as possible and, in any event, by not later than 11.00 a.m. on 15 July 2020.

## 10. 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.**

**Accordingly, the Directors recommend that you vote in favour of the Resolutions, as they intend to do in respect of their own holdings of Ordinary Shares, totalling 3,204,044 Ordinary Shares, being approximately 0.67 per cent. of the current issued share capital of the Company.**

Yours faithfully

**John Rennocks**  
*Chairman*

## NOTICE OF GENERAL MEETING

# AFC ENERGY PLC

(the “Company”)

*(Registered in England and Wales under the Companies Act 1985 with company number: 05668788)*

NOTICE IS HEREBY GIVEN that a General Meeting of AFC Energy Plc (“the Company”) will be held at Unit 71.4, Dunsfold Park, Stovolds Hill, Cranleigh, Surrey GU6 8TB on 17 July 2020 at 11.00 a.m. for the following purposes:

To consider, and if thought fit pass, the following resolutions of which resolutions 1 and 3 will be proposed as special resolutions and resolution 2 as an ordinary resolution.

### SPECIAL RESOLUTION

(1) That the directors of the Company (“**the Directors**”) shall:

- (a) have general and unconditional authority for the purpose of section 551 of the Companies Act 2006 (“**the 2006 Act**”) to exercise all powers of the Company to allot 102,028,000 ordinary shares of 0.1 pence each with an aggregate nominal value of £102,028 (“**the Conditional Fundraising Shares**”);
- (b) be and are hereby empowered pursuant to section 570 of the 2006 Act to allot the Conditional Fundraising Shares pursuant to the authority conferred by part a) of this resolution for cash, as if section 561(1) of the 2006 Act did not apply to such allotment

provided that such authority shall expire on 30 August 2020, unless previously renewed, varied or revoked by the Company in General Meeting and the Directors shall be entitled under the authority hereby conferred or under any renewal thereof to make at any time prior to the expiry of such authority any offer or agreement, which would or might require such shares to be allotted after such expiry, and the Board may allot shares in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired. This authority is in addition to the authorities to be granted pursuant to resolutions 2 and 3 below.

### ORDINARY RESOLUTION

(2) That the Directors shall have general and unconditional authority for the purpose of section 551 of the 2006 Act 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 up to a maximum nominal amount of £223,076.58 provided that such authority shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2021, unless previously renewed, varied or revoked by the Company in General Meeting and the Directors shall be entitled under the authority hereby conferred or under any renewal thereof to make at any time prior to the expiry of such authority any offer or agreement, which would or might require such shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry, and the Board may allot shares and grant rights to subscribe or convert securities into shares in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired. This authority is in addition to the authority to be granted pursuant to resolution 1 above but in substitution for all other previous authorities conferred on the Directors in accordance with section 551 of the 2006 Act.

### SPECIAL RESOLUTION

(3) That, subject to and conditional upon the passing of resolution 2 above, the Directors shall be and are hereby empowered pursuant to section 570 of the 2006 Act to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash pursuant to the general authority conferred by resolution 2 above and be empowered pursuant to section 573 of the 2006 Act to sell ordinary shares (as defined in section 560 of the 2006 Act) held by the Company as treasury shares (as defined in section 724 of the 2006 Act) for cash, as if section 561(1) of the 2006 Act did not apply to such

allotment or sale, provided that this power shall be limited to allotments of equity securities and the sale of treasury shares:

- (a) in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory;
- (b) otherwise than pursuant to sub paragraph 3(a) above, up to an aggregate nominal amount of £33,799.48,

and such powers shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2021 but so that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry, and the Directors may allot equity securities or sell treasury shares in pursuance of such offer or agreement as if the power conferred by this resolution had not expired. The power hereby conferred shall be in addition to the authority granted pursuant to resolution 1 above but in substitution for and to the exclusion of any other previous power given to the Directors pursuant to section 570 of the 2006 Act.

## BY ORDER OF THE BOARD

**Graeme Lewis**  
(Company Secretary)

Dated: 1 July 2020

*Registered office:*  
Unit 71.4  
Dunstable Park  
Stovolds Hill  
Cranleigh, Surrey  
GU6 8TB

Company Number: 05668788

Notice of Annual General Meeting  
Registered in England and Wales No. 05668788

### Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register at 11.00 a.m. on 15 July 2020 shall be entitled to attend and vote at the Meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars at the address set out in note 5 below.
5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
  - (a) completed and signed;
  - (b) sent or delivered to the Company's Registrar at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE; and
  - (c) received by the Company's Registrar on or prior to 11.00 a.m. on 15 July 2020 or not less than 48 hours before the time of any adjourned meeting.

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.

6. 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).
7. As at 5.00 p.m. on the day immediately prior to the date of posting of this notice of General Meeting, the Company's issued share capital comprised 478,489,644 ordinary shares of 0.1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00 p.m. on the day immediately prior to the date of posting of this notice of General Meeting is 478,489,644.

