

# Velocys plc

("Velocys" or the "Company")

**25 June 2020**

## Results of Placing and Retail Offer

Velocys plc (VLS.L), the sustainable fuels technology company, is pleased to announce that, following the announcement of its proposed fundraising yesterday, it has raised gross proceeds of £20 million by way of the Placing and Retail Offer. A total of 400,000,000 new ordinary shares in the capital of the Company will be issued to retail and institutional investors at a price of 5 pence per share (the "Offer Price").

A total of 376,186,000 new ordinary shares (the "Placing Shares") have been conditionally placed with investors at the Offer Price (the "Placing") by Numis Securities Ltd ("Numis"), Canaccord Genuity Limited ("Canaccord") and Turner Pope Investments (TPI) Ltd. ("TPI"). Radnor Capital Partners Ltd. ("Radnor") and Peat & Co ("Peat & Co") acted as Selling Agents in relation to the Placing.

The Directors of the Company have subscribed for 1,200,000 Placing Shares. In addition, retail and other investors have subscribed in the offer made by the Company via the PrimaryBid platform for a total of 22,614,000 new ordinary shares in the capital of the Company (the "Retail Shares") at the Offer Price (the "Retail Offer").

The Placing Shares and Retail Shares, when issued, will be fully paid and will rank pari passu in all respects with the existing ordinary shares of the Company.

### Henrik Wareborn, CEO of Velocys, said:

"We are delighted with the support shown by both new and existing investors in this fundraising - we are particularly pleased to see a number of high-quality institutional investors join our shareholder register. The offering was upsized from £10 million to £20 million to help meet the additional demand but we are pleased to say that even at this higher level the issue was still significantly oversubscribed.

"We look forward to seeing our retail investors participate in the forthcoming Open Offer to the extent that they have not been able to already subscribe via the Retail Offer.

"This capital raise accelerates our ability to provide commercial scale turn-key solutions to fuel producers in the energy transition away from fossil fuels into sustainable fuels towards improved air quality and net zero carbon emissions."

### Related Party Transactions

Lansdowne Partners has agreed to subscribe for 60,000,000 Placing Shares pursuant to the Placing.

The participation of Lansdowne Partners in the Placing constitutes a related party transaction under the AIM Rules as it is a substantial shareholder (within the meaning of the AIM Rules). The Directors consider, having consulted with Numis, the Company's nominated adviser, that the terms of the related party transaction are fair and reasonable in so far as its Shareholders are concerned.

Following admission of the new ordinary shares, Lansdowne Partners will have a holding of 196,220,153 shares in the share capital of the Company, representing approximately 18.4% of the Company's enlarged share capital assuming full take up of the Open Offer.

### **Director and associate participation in the Placing**

The following Directors of the Company have agreed to subscribe for the number of Placing Shares opposite his/her name as set out below:

Name	Number of Placing Shares
Henrik Wareborn	400,000
Andrew Morris	400,000
Philip Malcolm Holland	200,000
Darran Keith Messer	100,000
Sandy Shaw <sup>(1)</sup>	100,000
<b>Total</b>	<b>1,200,000</b>

### **Open Offer**

Further to the announcement of its proposed open offer yesterday, the Company proposes to raise up to £1 million by way of an open offer of up to 20,000,000 new ordinary shares (the "Open Offer Shares") to eligible shareholders of the Company at the Offer Price (the "Open Offer").

The Company considers it important that, where reasonably practicable, shareholders who have not had an opportunity to take part in the Placing have an opportunity to participate in the equity fundraise at the Offer Price. The Company is therefore providing eligible shareholders with the opportunity to subscribe for Open Offer Shares at the Offer Price pursuant to the Open Offer, pro rata to their holdings of existing ordinary shares. Eligible shareholders may also make applications in excess of their pro rata initial entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to such eligible shareholder's Open Offer entitlement.

Further details of the Open Offer, including the terms and conditions, will be made available to shareholders separately in the circular to be published by the Company in connection with the Fundraise.

### **Circular and General Meeting**

Completion of the Placing, Retail Offer and Open Offer (together, the "Fundraise") is conditional (amongst other things) upon the passing of certain resolutions. A General Meeting is therefore being convened for the purpose of considering the Resolutions at 10.30 a.m. on 14 July 2020 at Magdalen Centre, Robert Robinson Avenue, The Oxford Science Park, Oxford OX4 4GA. Notice of the General Meeting is set out in the Circular.

On 11 May 2020, the UK Government announced the Stay Alert Guidance. The Stay Alert Guidance prohibits, among other things, certain public gatherings. The General Meeting has been arranged on the assumption that the Stay Alert Guidance continues to apply at the date of the General Meeting. As a result, the General Meeting is expected to be held in a format different to that of previous meetings, while still allowing for Shareholders to exercise their voting rights.

It is currently intended that the General Meeting will be held with only the minimum number of Shareholders or proxies present as required to form a quorum under the Company's articles of association, and who are essential for the business of the General Meeting to be conducted. The attendance of any additional Shareholder, proxy or corporate representative is not permitted

under the Stay Alert Guidance. In light of the Stay Alert Guidance, which is expected to remain in force at the time of the General Meeting, no Shareholder, proxy or corporate representative should attend the General Meeting in person, as doing so would be in breach of the Stay Alert Guidance and potentially unsafe for them or the limited number of other persons in attendance. If the Stay Alert Guidance continues to apply at the date of the General Meeting, the Chairman of the General Meeting will exercise his powers to exclude any person who attempts to attend the General Meeting, and they will not be permitted entry to the location of the General Meeting.

The situation regarding COVID-19 is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Any changes to the General Meeting (including any change to the location of the General Meeting) will be communicated to Shareholders before the meeting through our website at [www.velocys.com](http://www.velocys.com) and, where appropriate, by announcement made by the Company to a Regulatory Information Service.

In light of the Stay Alert Guidance, the Company strongly encourages all Shareholders to submit their Form of Proxy, appointing the Chairman of the General Meeting as proxy. Only the formal business of the Resolutions will be carried out at the General Meeting and no update will be provided. Should a Shareholder have a question that they would have raised at the General Meeting, the Company asks that it be sent to [info@velocys.com](mailto:info@velocys.com).

**For further information, please contact:**

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Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this Announcement. The person responsible for arranging the release of this Announcement on behalf of the Company is Andrew Morris, CFO of the Company.

This Announcement should be read in its entirety. In particular, you should read and understand the information provided in the "Important Notices" section of this Announcement.

### **Notes to Editors**

**Velocys** is an international UK-based sustainable fuels technology company. Velocys designed, developed and now licenses proprietary Fischer-Tropsch technology for the generation of clean, low carbon, synthetic drop-in aviation and road transport fuel from municipal solid waste and residual woody biomass.

Velocys is currently developing two reference projects: one in Natchez, Mississippi, USA (incorporating Carbon Capture, Utilisation and Storage) and one in Immingham, UK, to produce fuels that significantly reduce both greenhouse gas emissions and key exhaust pollutants for aviation and road transport. Originally a spin-out from Oxford University, in 2008 the company acquired a US company based on complementary technology developed at the Pacific Northwest National Laboratory. Velocys is headquartered in Oxford in the United Kingdom.

[www.velocys.com](http://www.velocys.com)

### **Important Notices**

This announcement does not constitute an offer to buy, acquire or subscribe for, or the solicitation of an offer to buy, acquire or subscribe for, Placing Shares, Open Offer Shares or Retail Shares or an invitation to buy, acquire or subscribe for the Placing Shares, Open Offer Shares or Retail Shares in any jurisdiction. This announcement has not been filed with, examined or approved by the Financial Conduct Authority or the London Stock Exchange or any other regulatory authority.

Numis Securities Limited ("Numis"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is a member of the London Stock Exchange, is acting as nominated adviser and joint broker to the Company for the purposes of the AIM Rules. Canaccord Genuity Limited ("Canaccord"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is a member of the London Stock Exchange, is acting as joint broker to the Company for the purposes of the AIM Rules. Numis and Canaccord are each acting exclusively for the Company in connection with the Placing, and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for providing advice in relation to the proposals in this announcement or any other matter referred to in this announcement. Neither Numis nor Canaccord have authorised the contents of this announcement for any purpose and, without limiting the statutory rights of any person to whom this announcement is issued, no representation or warranty, express or implied, is made by either Numis or Canaccord as to any of the contents or completeness of this announcement.

This announcement contains (or may contain) certain forward-looking statements with respect to certain of the Company's current expectations and projections about future events. These statements, which sometimes use words such as "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning, reflect the directors' beliefs and expectations and involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement. Statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Information contained in this announcement is subject to change without notice and neither Numis, Canaccord nor, except as required by applicable law, the Company assumes any responsibility or obligation to update publicly or review any of the forward-looking

statements contained herein. You should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement.

The distribution of this announcement outside the United Kingdom may be restricted by law and therefore any persons outside the United Kingdom into whose possession this announcement comes should inform themselves about and observe any such restrictions as to the Placing, the Open Offer, the Retail Offer, the Placing Shares, the Open Offer Shares, the Retail Shares and the distribution of this announcement. Any failure to comply with such restrictions may constitute a violation of the securities laws of any jurisdiction outside of the United Kingdom. This announcement does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, shares in any jurisdiction in which such an offer or solicitation is unlawful. In particular, this announcement is not for release, publication or distribution, directly, or indirectly, in whole or in part, in, into or from the United States, Australia, New Zealand, Canada, the Republic of South Africa, Japan or to any US Person, or any national, resident or citizen of Australia, New Zealand, Canada, the Republic of South Africa or Japan. No offering of Placing Shares, or any other securities of the Company, is being made in the United States and this announcement, and the information contained herein, does not constitute an offer to sell or a solicitation of an offer to buy any Placing Shares, Open Offer Shares, Retail Shares or any other securities of the Company in the United States.

No person has been authorised to give any information or to make any representation other than those contained in this announcement (or the circular to be sent to Shareholders today) in connection with the Placing, the Retail Offer, the Open Offer and Admission and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, Numis or Canaccord or any of their respective directors, employees or officers.

#### Information to Distributors

Solely for the purposes of the product governance requirements of Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II") and local implementing measures, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares, the Open Offer Shares and the Retail Shares have been subject to a product approval process, which has determined that such Placing Shares, Open Offer Shares and/or Retail Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of Placing Shares, Open Offer Shares and Retail Shares may decline and investors could lose all or part of their investment; Placing Shares, Open Offer Shares and/or Retail Shares (as applicable) offer no guaranteed income and no capital protection; and an investment in Placing Shares, Open Offer Shares and/or Retail Shares (as applicable) is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Placing, Open Offer and Retail Offer. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares, Open Offer Shares or Retail Shares.