

**This notice of meeting is important and requires your immediate attention.**

**If you are in any doubt as to the contents of this document and/or the action you should take, you are recommended to seek personal financial advice from your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

**If you have sold or transferred all of your shares in the Company, please send this document and all accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through or to whom the transfer was effected so that they can be passed on to the person who now owns the shares.**

## **SWALLOWFIELD PLC**

(Registered in England and Wales with company number 01975376)

Swallowfield House  
Station Road  
Wellington  
Somerset  
TA21 8NL

6 October 2017

Dear Shareholder,

# **Notice of the 2017 Annual General Meeting**

I am pleased to enclose the Report and Accounts for Swallowfield plc (the "**Company**") for the year ended June 2017.

## **Annual General Meeting**

This year's Annual General Meeting (the "**AGM**") of the Company will be held on Thursday 9 November 2017 at 12 noon at Swallowfield House, Station Road, Wellington, Somerset TA21 8NL. The notice of the AGM is set out on page 2 of this document, and on page 5 there are notes explaining the resolutions.

## **Action**

If you are unable to attend the meeting or wish to register your proxy votes now in relation to the resolutions proposed, you should complete the enclosed Form of Proxy and return it to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by no later than 12 noon on Tuesday 7 November 2017, following the instructions on the form. Please see the notes to the notice of AGM and the Form of Proxy for full details about the appointment of proxies.

# Notice of Annual General Meeting

Notice is hereby given that the thirty-first Annual General Meeting (the "**AGM**") of Swallowfield plc (the "**Company**") will be held at Swallowfield House, Station Road, Wellington, Somerset TA21 8NL on Thursday 9 November 2017 at 12 noon for the following purposes:

## **As Ordinary Business**

To consider and, if thought fit, pass the following resolutions each of which will be proposed as ordinary resolutions:

1. To receive the annual statement of accounts and the reports of the directors and auditors for the year ended June 2017.
2. To declare a final dividend of 3.5p per ordinary share.
3. To re-elect Mr E J Beale as a director.
4. To authorise the directors to determine the auditors' remuneration.
5. To re-appoint Grant Thornton UK LLP as auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next general meeting at which accounts are laid before the Company.

## **As Special Business**

To consider and, if thought fit, pass the following resolutions of which resolution 6 will be proposed as an ordinary resolution and resolutions 7, 8 and 9 will be proposed as special resolutions:

6. That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and they are hereby generally and unconditionally authorised pursuant to section 551, Companies Act 2006 (the "**Act**") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "**relevant securities**") provided that this authority shall be limited to relevant securities up to an aggregate nominal amount of £281,090, representing approximately one-third of the nominal value of the issued ordinary share capital of the Company at the date of this notice. Unless previously revoked, varied or extended, this authority shall expire on the earlier of 30 December 2018 and the conclusion of the next Annual General Meeting of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.
7. That the directors be and they are empowered to allot equity securities (as defined in Section 560 of the Act) of the Company wholly for cash pursuant to the authority of the directors under Section 551 of the Act conferred by resolution 6 above (in accordance with Section 570(1) of the Act) and/or by way of a sale of treasury shares (in

accordance with Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment provided that:

- the power conferred by this resolution shall be limited to:
  - (a) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities:
    - (i) in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and
    - (ii) to holders of any other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

- (b) the allotment, otherwise than pursuant to sub-paragraph (a) above, of equity securities up to an aggregate nominal value equal to £42,164 representing not more than 5% of the issued share capital of the Company; and

unless previously revoked, varied or extended, this power shall expire on the earlier of 30 December 2018 and the conclusion of the next Annual General Meeting of the Company, except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

8. That, in addition to the authority granted under resolution 7 above, the directors be and they are empowered to allot further equity securities (as defined in Section 560 of the Act) of the Company wholly for cash pursuant to the authority of the directors under Section 551 of the Act conferred by resolution 6 above (in accordance with Section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment provided that:

- the power conferred by this resolution shall be:
  - (a) limited to the allotment of equity securities up to an aggregate nominal value equal to £42,164 representing not more than 5% of the issued share capital of the Company; and
  - (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and
- unless previously revoked, varied or extended, this power shall expire on the earlier of 30 December 2018 and the conclusion of the next Annual General Meeting of

the Company, except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

9. That the Company be and is hereby unconditionally and generally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares of 5p each ("**Ordinary Shares**") provided that:
- a) the maximum number of Ordinary Shares authorised to be purchased is 1,686,540 representing approximately 10% of the Company's issued ordinary share capital at the date of this notice;
  - b) the minimum price which may be paid for any such Ordinary Share is 5p exclusive of any expenses payable by the Company;
  - c) the maximum price which may be paid for an Ordinary Share shall be an amount equal to 105% of the average middle market quotations for an Ordinary Share as derived from the AIM Index of the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and
  - d) this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the 30 December 2018 or the conclusion of the next Annual General Meeting of the Company, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

**By order of the Board**  
**M W Warren**  
**Group Finance Director and Company Secretary**

**6<sup>th</sup> October 2017**

**Swallowfield  
House  
Station Road  
Wellington  
Somerset  
TA21 8NL**

Members should refer to the explanatory notes that accompany this notice.

1. A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him. A proxy need not also be a member of the Company but must attend the AGM in order to represent you. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A form of proxy is enclosed. The notes to the form of proxy include instructions on how to appoint the Chairman of the AGM or another person as proxy.
2. The following documents are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the AGM and will also be available for inspection at the place of the AGM from 11.45 a.m. on the day of the AGM until its conclusion:

- (a) copies of the executive directors' service contracts with the Company and letters of appointment of the non-executive directors; and
  - (b) the register of directors' interests in the capital of the Company.
3. The Company pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at 6.00 p.m. on Tuesday 7 November 2017 (or if the AGM is adjourned, two days before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
  4. As at 5 October 2017 (being the last business day prior to the publication of this Notice), the Company's issued share capital consists of 16,865,401 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 6 October 2017 are 16,865,401.
  5. If you wish to attend the AGM in person, you should arrive at the meeting venue in good time before the meeting, bringing proof of ID (such as a driving licence or passport).
  6. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
  7. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: Either by the appointment of a proxy (described in Note 1 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Act.
  8. The meeting venue is within a factory environment, and as a consequence we would suggest that it is not appropriate to bring young children. There will be no crèche facilities at the meeting.

## **Explanatory notes to the resolutions as proposed at the 2017 Annual General Meeting:**

### **Ordinary Business:**

#### **Resolution 1 (Annual accounts and reports)**

The directors present the accounts, directors' report and auditors' report to the shareholders at the AGM.

#### **Resolution 2 (Final dividend)**

This resolution concerns the Company's final dividend payment. A final dividend can only be paid after the shareholders at a general meeting have approved it. The directors are recommending a final dividend of 3.5p per ordinary share in respect of the year ended June 2017 which, if approved, will be payable on 8 December 2017 to the shareholders who are on the register on 17 November 2017.

### **Resolution 3 (Re-election of directors)**

In accordance with the provisions of the Company's articles of association regarding the retirement of directors by rotation every third Annual General Meeting, Mr E J Beale is submitting himself for re-election under resolution 3.

Biographical details of all the directors can be found on pages 38 and 39 of the report and accounts.

### **Resolutions 4 and 5 (Auditors' remuneration and appointment)**

Shareholders are required to authorise the directors to fix the auditors' remuneration and also to appoint auditors at each general meeting at which accounts are presented. Resolution 4 authorises the directors to set the auditors' remuneration and Resolution 5 proposes the re-appointment of Grant Thornton UK LLP as auditors until the conclusion of the next general meeting at which accounts are laid, that is, the next Annual General Meeting.

### ***Special Business:***

#### **Resolution 6 (Directors' power to allot securities)**

This resolution grants the directors authority to allot shares in the capital of the Company up to an aggregate nominal value of £281,090, representing approximately one-third of the nominal value of the issued ordinary share capital of the Company as at the date of this notice.

Unless renewed, revoked, varied or extended, this authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2018.

The directors consider it desirable that the specified amount of authorised but unissued share capital is available for issue so that they can more readily take advantage of possible opportunities.

#### **Resolutions 7 and 8 (Disapplication of pre-emption rights)**

Resolution 7 authorises the directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are where the allotment:

- takes place in connection with a rights issue or other pre-emptive issue;
- is limited to a maximum nominal amount of £42,164 representing approximately 5% of the nominal value of the issued ordinary share capital of the Company as at the date of this notice.

Resolution 8 authorises the directors to allot further equity securities for cash in connection with acquisitions or other specified capital investments which are announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment. This authority, which is being sought in accordance with the Pre-Emption Group's Statement of Principles, is limited to a maximum nominal amount of £42,164 which represents approximately 5% of the nominal value of the issued ordinary share capital of the Company as at the date of

this notice. The combined effect of resolutions 7 and 8 is therefore that the directors be granted authority to allot shares up to a maximum nominal amount of not more than 10% of the nominal value of the issued ordinary share capital of the Company.

The Board confirms its intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5% of issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders, except in connection with an acquisition or specified capital investment as referred to above.

The Company may hold any shares it buys back "in treasury" and then sell them at a later date for cash rather than simply cancelling them. Any such sales are required to be made on a pre-emptive, pro-rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the directors power to allot unissued ordinary shares on a non-pre-emptive basis, resolutions 7 and 8 will also give directors power to sell ordinary shares held in treasury on a non-pre-emptive basis, subject always to the limitations noted above.

The directors consider that the power proposed to be granted by resolutions 7 and 8 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power.

Unless revoked, varied or extended, the authorities conferred by resolutions 7 and 8 will expire on the earlier of 30 December 2018 and the conclusion of the next Annual General Meeting of the Company.

#### **Resolution 9 (Market purchase of shares)**

Under its articles of association and section 693 of the Companies Act 2006, the Company has power to purchase its own shares. Resolution 9 seeks approval to permit the directors, subject to certain limitations, to purchase shares in the market for cancellation and/or for holding in treasury. This authority would last for the period until the conclusion of the Company's Annual General Meeting to be held in 2018. Such authority would allow for purchases to be made on the terms set out in the Resolution of up to a maximum number of 1,686,540 ordinary shares (representing just under ten per cent of the present issued ordinary share capital). (A purchase of the proposed maximum of 1,686,540 ordinary shares at the share price of, for example, £3.50 would involve the Company in the expenditure of approximately £5,902,890 before stamp duty and commissions, and at the minimum permitted price would involve the expenditure, on the same basis, of £84,327).

The directors would use the share purchase authority with discretion and purchases would only be made from funds not required for other purposes and in the light of market conditions prevailing at the time. In reaching a decision to purchase any shares, your directors would take account of the Company's cash resources and capital, the effect of such purchase on the Company's business, any impact on earnings per share or on net tangible assets per share. No announcement will be made by the Company in advance of market purchases but any purchases made by the Company would be announced by 8.30 a.m. on the business day next following the transaction.

In seeking this authority, the Board is not indicating any commitment to purchase ordinary shares. The authority, if conferred, will only be exercised if to do so would be in the best interests of shareholders generally.