

INSTEM PLC (the “Company”)

Registered in England and Wales with the number 7148099

Registered office: Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 0SD

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt about the action that you should take, you are recommended to seek advice from your stockbroker, bank manager, solicitor, accountant or other independent financial advisor duly authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in the Company, please forward this document and the enclosed proxy form to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

5 June 2020

Dear Shareholder,

ANNUAL GENERAL MEETING FOR 2020

This circular contains the formal notice of the Company’s annual general meeting for 2020 (the “**Meeting**”), which will be held at the offices of the Company at 2 Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 0SD on Tuesday 30 June 2020 at 2.00 pm. The formal notice of Meeting, together with notes to the notice of Meeting and explanatory notes to the resolutions proposed, can be found on pages 3 to 7 of this circular.

We have enclosed a Word version of the audited 2019 Annual Report and Accounts, as approved by the Board, for ease of printing and logistics. You will be receiving the regular, colour printed copy of these Accounts in the next few weeks.

In light of measures adopted by the UK Government to protect public health in response to the Covid-19 pandemic, and in line with guidance issued by The Chartered Governance Institute (ICSA), the board of directors of the Company are of the view that attendance at the Meeting by a shareholder, other than for the specific purpose of ensuring that the Meeting is quorate, is not essential for work purposes.

The Meeting will therefore be convened with the minimum necessary quorum (which will be fulfilled by directors of the Company). Shareholders must **not** attend the Meeting in person and anyone that seeks to attend the Meeting will be refused entry. The business of the Meeting will be restricted to the purposes set out in the formal notice of Meeting. There will be no additional presentations or opportunities for the board of directors to answer questions. The Company’s advisors and other guests

are also being asked not to attend. Should you wish to raise any questions ahead of the Meeting please do so via email to the company secretary at investors@instem.com.

These steps are being taken to promote the health and wellbeing of the Company's shareholders and employees, but it remains important to the board of directors that your votes are counted at the Meeting. All shareholders are therefore strongly encouraged to submit their votes on the formal business to be transacted using the proxy form enclosed with this circular.

Instructions for completion and return of the proxy form, together with instructions for shareholders that wish to utilise the CREST electronic proxy appointment service, are included in the notes to the notice of Meeting on pages 5 to 7 of this circular. Please note that shareholders should appoint the chairman of the Meeting as their proxy.

The chairman of the Meeting will propose that each resolution, as set out in the notice of Meeting, is voted on via a poll. This means that each shareholder present in person (which shall only be such number of directors as is sufficient to ensure that the Meeting is quorate) or by proxy will have one vote for each share held.

The board of directors considers that the resolutions, as set out in the notice of Meeting, are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The directors intend to vote their shareholdings in favour of the resolutions and unanimously recommend that all shareholders do so as well.

The Company will continue to monitor developments relating to Covid-19. If a situation should arise which necessitates that the arrangements for the Meeting be altered, shareholders will be notified promptly via an RNS announcement and the Company's website at <https://investors.instem.com/>.

In normal circumstances, the Company's annual general meeting plays an important role in providing an opportunity for the Company's directors to engage with shareholders. The board of directors would therefore like to thank all shareholders in advance for their cooperation with and understanding of the alternative arrangements that the Company has been required to implement this year.

Yours faithfully,

David Gare
Non-executive Chairman

Company Number: 7148099

INSTEM PLC
(the "Company")

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at the offices of the Company at 2 Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 0SD on Tuesday 30 June 2020 at 2.00 pm for the following purposes:

ORDINARY BUSINESS

- 1 To receive the Company's annual accounts, strategic report, directors' remuneration report, and the directors' and auditor's reports for the financial year ended 31 December 2019.
- 2 To re-elect David Gare, who is retiring by rotation in accordance with the articles of association of the Company and who, being eligible, offers himself for re-election as a director.
- 3 To re-elect Nigel John Goldsmith, who is retiring by rotation in accordance with the articles of association of the Company and who, being eligible, offers himself for re-election as a director.
- 4 To re-appoint Grant Thornton UK LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the shareholders.
- 5 To authorise the board of directors of the Company to determine the remuneration of the Company's auditors.
- 6 To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

"**THAT**, in substitution for all existing and unexercised authorities and powers, the directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the "**Act**") to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as "**Relevant Securities**") up to an aggregate nominal value of £555,793 to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company) **PROVIDED THAT** this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is six months after the next accounting reference date of the Company (if earlier) save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Relevant Securities or equity securities (as the case may be) to be allotted after the expiry of such period and the directors of the Company may allot Relevant Securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred hereby had not expired."

SPECIAL BUSINESS

- 7 To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

"**THAT**, subject to and conditional upon the passing of the resolution numbered 6 in the notice convening the meeting at which this resolution is proposed and in substitution for all existing and unexercised authorities and powers, the directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by resolution 6 as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory; and
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £166,737, representing approximately 10% of the current share capital of the Company,

and shall expire at the conclusion of the next annual general meeting or on the date which is six months after the next accounting reference date of the Company (if earlier) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired."

- 8 To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

"**THAT**, for the purposes of section 701 of the Act, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 10p each in the capital of the Company ("**Ordinary Shares**") provided that:

- (a) the maximum number of Ordinary Shares which may be purchased is 1,667,379 (representing approximately 10% of the Company's share capital);
- (b) the minimum price which may be paid for each Ordinary Share is 10p;
- (c) the maximum price which may be paid for each Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List of London Stock Exchange plc for the five business days immediately preceding the day on which the Ordinary Share in question is purchased;

- (d) unless previously revoked or varied, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company to be held in 2021 or, if earlier, on the date which is 12 months after the date of the passing of this resolution; and
- (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which contract or contracts will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts."

BY ORDER OF THE BOARD

Nigel Goldsmith
Secretary

Date: 5 June 2020

Registered office: Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 0SD

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING:

- 1 A member of the Company entitled to attend and vote at the meeting convened by this notice is usually entitled to appoint one or more proxies to exercise any of his rights to attend, speak and vote at that meeting on his behalf. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the Company.

HOWEVER, as noted above in the circular containing this notice, due to the Covid-19 pandemic, members of the Company must not attend the meeting convened by this notice and any member or any other person (other than a director of the Company whose attendance is required to constitute a quorate meeting) who attempts to do so will be refused entry.

Members should therefore appoint the chairman of the meeting as proxy to exercise all or part of their rights to attend, speak and vote on their behalf. Members should not appoint more than one proxy and should not appoint a person other than the chairman of the meeting as their proxy. If any person other than the chairman of the meeting is appointed as proxy, such person will be refused entry to the meeting.

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 a resolution. If no voting indication is given, a member's proxy (which should be the chairman of the meeting) will vote or abstain from voting at his discretion.

- 2 A proxy may only be appointed using the procedures set out in these notes and the notes to the proxy form. To appoint a proxy, a member must complete, sign and date the enclosed proxy form and deposit it at the office of the Company's Registrars, Computershare Investor Services plc, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, by 2.00 pm on Friday 26 June 2020. 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 enclosed with the proxy form.

- 3 In order to revoke a proxy appointment, a member must sign and date a notice clearly stating his intention to revoke his proxy appointment and deposit it at the office of the Company's Registrars, Computershare Investor Services plc, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY prior to commencement of the meeting.
- 4 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (**EUI**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent, Computershare Investor Services plc (CREST ID 3RA50) by 2.00 pm on Friday 26 June 2020, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

- 5 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 6 Any corporation which is a member of the Company may usually authorise one or more persons (who need not be a member of the Company) to attend, speak and vote at the meeting as the representative of that corporation.

HOWEVER, due to the Covid-19 pandemic, any corporation which is a member of the Company is requested to refer to note 1, above, and to appoint the chairman of the meeting as proxy to exercise all or part of its rights to attend, speak and vote at the meeting on its behalf.

- 7 The right to vote at the meeting shall be determined by reference to the register of members of the Company. Only those persons whose names are entered on the register of members of the Company at 6.00 pm on Friday 26 June 2020 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.

EXPLANATORY NOTES TO THE RESOLUTIONS:

Resolution 6 – Directors' power to allot Relevant Securities

Under section 551 of the Act, Relevant Securities may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising the directors to issue shares without further reference to the shareholders. This resolution authorises the general issue of shares up to an aggregate nominal value of £555,793, which is equal to approximately one third of the nominal value of the current ordinary share capital of the Company. Such authority will expire at the conclusion of the next annual general meeting of the Company or the date which is six months after the next accounting reference date of the Company (whichever is the earlier).

Resolution 7 – Disapplication of pre-emption rights on equity issues for cash

Section 561 of the Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which, in the case of a rights issue, may prove to be both costly and cumbersome. This resolution excludes that statutory procedure as far as rights issues are concerned. It also enables the directors to allot shares, without first offering them to existing shareholders, up to an aggregate nominal value of £166,737, which is equal to approximately 10% of the nominal value of the current ordinary share capital of the Company, subject to resolution 6 being passed. The directors believe that the limited powers provided by this resolution will maintain a desirable degree of flexibility. Unless previously revoked or varied, the disapplication will expire on the conclusion of the next annual general meeting of the Company or on the date which is six months after the next accounting reference date of the Company (whichever is the earlier).

Resolution 8 – Authority for the market purchase by the Company of its own shares

Section 701 of the Act requires the Company to obtain shareholders' consent prior to making any market purchase of the Company's own shares. Resolution 8 sets out the conditions of the authority as required by section 701 of the Act.