LETTER FROM THE CHIEF EXECUTIVE OFFICER OF PROPHOTONIX LIMITED

Directors:

Timothy P. Losik (President and CEO)
Raymond Oglethorpe (Chairman/Non-Executive Director)
Vincent Thompson (Non-Executive Director)

Registered Office:

13 Red Roof Lane, Suite 200
Salem, New Hampshire, 03079
United States

Secretary:

Thomas B. Rosedale

380 Washington Street, 2nd Floor
Wellesley, Massachusetts 02481
United States

16 November 2021

Dear Stockholder:

Proposed Acquisition of PROPHOTONIX LIMITED (THE "COMPANY")
by a subsidiary of EXAKTERA, LLC ("EXAKTERA")
to be effected by means of a merger under the laws of the State of Delaware
and
Notice of Special Meeting of Stockholders

1. Introduction

It was announced on 11 November 2021 that the Board of Directors of the Company and Exaktera had reached agreement on the terms of a recommended acquisition ("**Acquisition**") under which Exaktera shall acquire the Company pursuant to the terms of an agreement and plan of merger entered into on 10 November 2021 between the Company, Exaktera and PPL Merger Sub, Inc. (the "**Merger Agreement**").

In accordance with the laws of the State of Delaware, the Acquisition is subject to and conditional upon (amongst other matters) the approval of Stockholders holding the majority (greater than 50%) of the issued and outstanding shares of Company Common Stock entitled to vote thereon at the Special Meeting of Stockholders. The Company is also seeking the approval of the delisting of Company Common Stock from AIM by the affirmative vote of Stockholders holding at least 75% of the votes cast at the meeting (the "**Delisting**"). The approval of both of these proposals is required in order for the transaction to be consummated. A Special Meeting is being convened for this purpose and will be held at 11:30 a.m. Eastern Time (U.S.) on 15 December 2021 at the offices of Nutter, McClennen & Fish LLP, 155 Seaport Boulevard, Boston, Massachusetts, 02210, United States. A notice of the Special Meeting and the Resolutions to be proposed and considered at the Special Meeting are set out at the end of the Proxy Statement.

The purpose of the Proxy Statement is to:

- explain the background to and reasons for the Acquisition;
- explain why the Board considers the Merger Agreement and the Acquisition to be advisable, fair to and in the best interests of the Stockholders;
- convene a Special Meeting of Stockholders to seek Stockholder approval of the Acquisition and the Delisting.

I draw your attention to the unanimous recommendation from the Board that Stockholders vote in favour of the Resolutions to be proposed at the Special Meeting.

2. Summary terms of the Acquisition

The Acquisition will be effected pursuant to the laws of the State of Delaware and the terms of the Merger Agreement. Under the Acquisition, PPL Merger Sub, Inc., a Delaware corporation and subsidiary of Exaktera, will merge with and into the Company, with the Company being the surviving party. **Following closing of the Acquisition**, **the Company will be a subsidiary of Exaktera**.

Under the terms of the Merger Agreement (and subject to the terms and conditions of the Merger Agreement), Stockholders holding Company Common Stock on the date of closing of the Acquisition will be entitled to receive, subject to the withholding of any applicable taxes (further details of which are set out at paragraph 15 under "Taxation" below), the following:

> **for each share of Company Common Stock $0.117 in cash (which equates to £0.087 as of the date of the Merger Agreement)** ("**Acquisition Price**").

The Acquisition Price is fixed and will be paid in U.S. Dollars by Exaktera.

The Acquisition Price values the entire issued and to be issued share capital of the Company at approximately $11.6 million (which equates to £8.7 million as of the date of the Merger Agreement) and represents a premium of approximately 54.6% over the thirty trading day average closing price of the Company's Common Stock on the OTC market of $0.076 ending on 9 November 2021; and approximately 53.8% over the thirty trading day average closing price of the Company's Common Stock on AIM of 0.056 pence ending on 9 November 2021.

At a meeting held on 10 November 2021, the Board unanimously approved the Merger Agreement and the Acquisition and unanimously determined that the Merger Agreement and the Acquisition are advisable, fair to and in the best interests of the Stockholders and unanimously determined to recommend that the Stockholders vote in favour of the Resolutions.

If the Stockholder Approval is obtained at the Special Meeting to approve the Merger Agreement and the Delisting in the manner set out above (**and subject to all other Conditions being satisfied and/or waived**), **the Company will be authorised to complete the Acquisition and if the Acquisition is completed**, **all Company Common Stock (other than Excluded Shares) will be cancelled and converted into the right to receive the Acquisition Price**, **including those shares held by Stockholders who voted against the Merger Resolution at the Special Meeting or who did not vote; provided**, **however that:**

- **under Delaware law**, **instead of accepting the Acquisition Price provided for in the Merger Agreement**, **Stockholders may demand to have their shares appraised by the Delaware Court of Chancery**. **This right of appraisal is subject to a number of restrictions and technical requirements**. **Generally**, **in order to exercise appraisal rights under Delaware law**, **a Stockholder may not vote in favour of adoption of the Merger Agreement, must make a written demand for payment of the fair value of his/her/its shares prior to the vote on the Merger Agreement and must continuously hold his, her or its shares of Company Common Stock of record from the date of making the demand until the Effective Time of the Merger**. **Further details of the appraisal rights are set out in Part 2 of the Proxy Statement**.

It is currently anticipated that the Acquisition will be completed within approximately 1-3 Business Days following the Special Meeting, subject to satisfaction or waiver of the Conditions.

A detailed description of the terms of the Acquisition and the Merger Agreement is set forth in Part 1 of the Proxy Statement.

The Company retained Lincoln International as financial adviser in connection with the proposed Merger contemplated by the Merger Agreement. Lincoln International's financial advisory services were provided for the information and assistance of the Board (in their capacity as directors and not in any other capacity) in connection with and for purposes of its consideration of the Acquisition.

3. Conditions of the Acquisition

The consummation of the Acquisition is subject to various Conditions. Stockholders are referred to paragraph 3 of Part 1 of the Proxy Statement for full details of the Conditions.

4. Background to the Acquisition

The following chronology summarises the key meetings and events that led to the execution of the Merger Agreement. In this process, the Board, the Company, and the parties' respective legal and financial advisers held many conversations, both by telephone, by video teleconferencing and in person, about the Acquisition. The chronology below covers only the key events leading up to the entry into the Merger Agreement and does not purport to catalogue every conversation, interaction or exchange between or among Exaktera, the Company, the Board, and their respective representatives.

The Company's management and Board regularly review the Company's performance, strategy, competitive position, opportunities and prospects in light of the current business and economic environments, as well as developments in the Company's industry and the opportunities and challenges facing participants in that industry. These reviews have included consideration by the Company's management and Board, and discussions with industry participants from time to time, of potential strategic alternatives, including financing transactions, acquisitions, joint ventures and business combinations or other strategic transactions, as well as remaining an independent standalone company.

Background

In September 2019, Lincoln International was engaged by the Company to explore the possibility of selling the Company to an interested buyer. This arose from a concern of the Board of the Company that, because of difficult business conditions, the Company might not have sufficient liquidity to continue operating. On June 30, 2019, the Company had net debt of approximately $300,000 ($1.9 million of debt and $1.6 million of cash). In the interim results dated September 2, 2019, in a section entitled "Trading update and strategic review," the Company made the following statement: "The Board is therefore reviewing all funding and strategic options available, both to ensure the short-term working capital needs of the Company continue to be met as well as maximising stockholder value over the longer-term." After this statement was published, Lincoln International prepared marketing materials and began to approach potential buyers.

The Sale Process

The Board and Lincoln International decided, given the likely size of the transaction and the pace at which the Company desired to find a buyer, to initially approach primarily turnaround private equity firms. Lincoln International and the Company deemed it unlikely that a large corporation or other strategic buyer, even in the same or similar industry, would respond favorably to an offer to purchase the Company. Lincoln International approached 24 potential buyers, 13 of whom signed confidentiality agreements to receive more information with respect to the Acquisition. This included two strategic buyers ("**Offeror 1**" and "**Offeror 2**")**.** Five offers were received, each of which would have returned lower merger consideration to the Company's stockholders than what will be paid to the stockholders in the Acquisition.

Of the two highest offers submitted, Offeror 1 was deemed to be superior. Offeror 1 had appointed an adviser and visited the Company's United Kingdom and Irish facilities in February 2020. Approximately one

month after these site visits, the COVID-19 pandemic effectively shut down large parts of the economy and all potential buyers ceased working on the transaction.

Due in part to the effects of worldwide lock-down orders and favorable cash generation by the Company, in September 2020 Lincoln International re-engaged with Offeror 1 and Offeror 2, and began discussions with a third strategic buyer ("**Offeror 3**"). Offeror 3 showed considerable interest and visited the United Kingdom facility in late December 2020. Offeror 3 was primarily interested in acquiring the United Kingdom and Irish operating subsidiaries of the Company and did not wish to pursue an acquisition of the Company as a whole. In October and November 2020, respectively, Offeror 1 and Offeror 2 declined to pursue the opportunity. Based on these site visits and conversations with management, Offeror 3 made its first offer in March 2021. Timothy Losik, the Company's chief executive officer, contacted Offeror 1 again in January 2021, but they remained uninterested in pursuing the opportunity.

In November 2020, Mr. Losik was approached by Union Park Capital ("**UPC**"), which was in the process of acquiring a European company in the same industry as the Company. UPC made an initial offer in August 2021. Following negotiations with UPC, the Company and Lincoln International received an updated offer on 13 September 2021. On 28 September 2021, the Company and Lincoln International received an updated offer from Offeror 3.

In consultation with Lincoln International, and after careful consideration of both offers, the Company and its Board determined the UPC offer to provide the Company's stockholders with the greatest merger consideration and to be in the best interests of the Company. The Company signed an Indication of Interest with UPC on 3 October 2021.

On 18 October 2021, the Company's counsel, Nutter, McClennen & Fish, LLP ("**Nutter**"), received an initial draft of the Agreement and Plan of Merger (the "**Merger Agreement**") from UPC's counsel, Taft Stettinius & Hollister LLP ("**Taft**"). Nutter reviewed the Merger Agreement in conjunction with the Company's United Kingdom counsel, K&L Gates LLP ("**K&L Gates**"), the Company's Irish counsel, Ronan Daly Jermyn ("**Ronan**") and the Company's Delaware counsel, Richards Layton & Finger, P.A., and provided initial comments to the Merger Agreement to Taft on 29 October 2021. The parties and their respective counsel then continued to negotiate the Merger Agreement and related documents until they were finalized on 10 November 2021.

Board Approval

On 10 November 2021, the Board convened a meeting to consider approval of the Merger Agreement and the transactions contemplated thereby. Representatives of Nutter and Lincoln International participated in the meeting. At the meeting, representatives of Lincoln International reviewed with the Board the process that had been undertaken in the prior two years with respect to the Acquisition, and discussed the merits of the Merger Agreement and related Acquisition.

A representative of Nutter discussed the Board's fiduciary duties in connection with the proposed transaction and reviewed the key provisions of the Merger Agreement, including those relating to consideration of a Superior Proposal after the execution of the agreement.

Based on the information presented at the meeting, the Board unanimously (i) concluded that the Merger Agreement and the Merger are advisable, fair to and in the best interests of the Company's Stockholders, (ii) approved and declared advisable the Merger Agreement and the transactions contemplated thereby, including the Merger, in accordance with the requirements of the DGCL and (iii) recommended that Stockholders of the Company approve the Merger Agreement, and approve the delisting of Company Common Stock from AIM.

On 10 November 2021, the Company, Exaktera and PPL Merger Sub Inc. executed the Merger Agreement.

On 11 November 2021, the Acquisition was announced pursuant to AIM Rules.

5. Reasons for the Acquisition

In the course of reaching its decision to approve the Merger Agreement, to declare that the Merger Agreement and the Acquisition are fair to, advisable and in the best interests of the Stockholders and to recommend that the Stockholders vote to approve the Merger Agreement, our Board consulted with our senior management. Our Board also received the advice of our financial adviser, Lincoln International, and consulted with outside legal counsel regarding its fiduciary duties, the terms of the Merger Agreement and related legal matters. The following discussion includes the material reasons and factors considered by our Board in making its decision and recommendation, but is not, and is not intended to be, exhaustive.

Factors considered by our Board weighing in favour of the Acquisition included:

Acquisition Price. Our Board considered the following with respect to the Acquisition Price to be received by the Stockholders:

- that holders of Company Common Stock will be entitled to receive an Acquisition Price that provides liquidity from an otherwise thinly traded stock and as compared to the uncertain future long-term value to Stockholders that might or might not be realized if we remained independent (or if the Company was sold in a stock-for-stock deal and the Stockholders received stock of the purchaser or the combined companies as the Acquisition Price);
- the fact that the per share value of the Acquisition Price represents a significant premium (54.6%) of the Company's Common Stock on the OTC Market over the thirty trading day average closing price of $0.076 ending on 9 November 2021, and (53.8%) of the Company's Common Stock on AIM over the thirty trading day average closing price of 0.56 pence ending on 9 November 2021 (with such calculations done as of the date of the Board's approval of the Merger Agreement);
- an assessment of the Company's business, assets, prospects, competitive position, historical and projected financial performance, short- and long-term capital needs and the nature of the industry in which the Company competes;
- the fact that the Board carefully evaluated, with the assistance of its legal advisers, its financial adviser, Lincoln International, and members of management, the risks and potential benefits associated with other strategic or financial alternatives and the potential for Stockholder value creation associated with those alternatives, including wind-up costs associated with the dissolution of the Company, and the Board's belief that, in light of this rigorous evaluation process, Exaktera's offer is the best offer available;
- the fact that the Board and its advisors vigorously negotiated the terms of the Acquisition with Exaktera and the Board's belief that such negotiations have allowed it to obtain Exaktera's best offer; and
- the then-current financial market conditions and the recent and historical market prices of our Company Common Stock, including the market price performance of our Company Common Stock relative to that of other industry participants.

Prospects in Remaining Independent. Our Board considered the possibility of continuing to operate the Company as an independent public company, including the perceived risks and uncertainties of remaining

an independent public company. In considering the alternative of pursuing growth as an independent company, our Board considered the following factors:

- the fact that the Company would likely have difficulty raising additional financing (or raising additional financing on reasonable terms) and would thus have limited growth opportunities and limited resources to operate the business and invest in its infrastructure, and that any equity capital raised would likely be at a price below the Acquisition Price, thus likely substantially diluting the current equity; and
- the fact that the market for the Company's Shares has been highly illiquid and that, accordingly, it would be difficult for holders of the Shares seeking to liquidate their Shares to do so effectively, if at all.

Financial Forecasts. Our Board considered the financial forecasts provided by our management.

Company Conditions. Our Board considered the following factors with respect to the Company's ongoing business:

- the uncertainty related to the spread of the COVID-19 pandemic and the current and future potential consequences of such pandemic on the financial markets and the Company's current and future business operations, which have included or may include decreases and delays in supplier and vendor interactions and deliveries, disruptions in the operations of third-party manufacturers, suppliers and other third parties on whom the Company relies, the availability or cost of materials, which could damage the Company's supply chain or otherwise limit its ability to obtain sufficient materials to manufacture its products;
- the uncertainties related to Brexit and the economy generally; and
- although the Company experienced an improvement in its operations and financial condition in 2021, the Board's ultimately determination that the costs and burdens associated with remaining regulatorily compliant as a small publicly traded company were such that considering an acquisition was in the best interests of the Stockholders.

Terms of the Merger Agreement. Our Board considered the terms and conditions of the Merger Agreement and the course of negotiations thereof, including:

- the conditions to Exaktera's obligations to complete the Acquisition, including the ability of Exaktera to terminate the Merger Agreement under certain specified circumstances;
- the structure of the transaction as a merger, and the fact that the Merger Agreement requires approval by our Stockholders, which together would provide a period of time during which a Superior Proposal could be made;
- our ability, under certain circumstances, to furnish information to and conduct negotiations with third parties, if our Board determines in good faith that any such third party has made an Acquisition Proposal that is, or would reasonably be expected to lead to, a Superior Proposal;
- the ability of our Board, in connection with an Acquisition Proposal and under certain other circumstances, to change its recommendation that our Stockholders approve the Merger Agreement, if our Board determines in good faith, after consultation with its outside counsel and financial advisers, that (A) an Acquisition Proposal either constitutes a Superior Proposal or would reasonably be expected to result in a Superior Proposal, or (B) the failure to do so would be reasonably likely to cause the Board to be in breach of its fiduciary duties to our Stockholders;

- Stockholders who do not wish to accept the Acquisition Price and do not vote for the Merger Resolution will be entitled to demand appraisal of their shares of Company Common Stock under Delaware law; and
- that the Acquisition would only proceed if the resolutions to adopt the Merger Agreement and the Delisting are adopted by a majority (greater than 50%) of the issued and outstanding shares of Company Common Stock entitled to vote thereon at the Special Meeting and the Stockholders representing in the aggregate at least 75% of the votes cast at the meeting, respectively.

Risks of Announcement and Closing

Our Board considered:

- the risks and contingencies related to the announcement and pendency of the Acquisition;
- the conditions to Exaktera's obligation to complete the Acquisition and the right of Exaktera to terminate the Merger Agreement under certain specified circumstances;
- the risks of a delay in receiving, or a failure to receive, the necessary approvals and clearances necessary to complete the Acquisition;
- the potential risks of the Acquisition on the Company's relationships with its employees, vendors and partners and others that do business or may do business in the future with the Company, including management and certain other employees who will have expended considerable time and effort to consummate the Acquisition;
- the fact that the gain realized by the Company's Stockholders as a result of the Merger generally may be taxable to the Stockholders;
- advice from Lincoln International, its financial advisor; and
- the risks and costs to the Company if the Acquisition is not completed, including the diversion of management and the potential impact on our stock price.

Cash Transaction

Our Board considered that the Acquisition Price is all cash and, as a result, our Stockholders will forego any potential future increase in our value that might result from our possible growth, and that income realized as a result of the Acquisition will generally be taxable to our Stockholders.

No Financing Condition

Our Board considered that Exaktera's obligation to complete the Acquisition is not subject to a condition that it be able to obtain financing.

Interests of Directors and Officers

Our Board considered the interests that certain of our Directors and executive officers may have with respect to the Acquisition (including the compensation payable to our chief executive officer in connection with the Acquisition) in addition to their interests as Stockholders and option holders.

6. Voting support

In connection with that certain Joinder Agreement executed as of even date with the Merger Agreement by Timothy P. Losik, the Company's President and Chief Executive Officer, Mr. Losik has agreed to vote the

shares held by him, both directly and indirectly, in favor of both the adoption of the Merger Agreement and the Delisting.

7. Termination Payments

Not applicable.

8. Merger Agreement

On 10 November 2021, the Company, Exaktera, and PPL Merger Sub Inc. entered into the Merger Agreement, which sets out the terms and conditions for the Acquisition and governs the relationship of the parties in relation to the Acquisition until it becomes effective.

A summary of the main provisions of the Merger Agreement is set out in Part 1 of the Proxy Statement.

9. Information relating to the Company

The Company is an OEM and LED light and laser company that designs and manufactures LED illumination solutions and laser modules. In addition, the Company distributes laser diodes from key industry leaders like Ushio (formerly Opnext), Osram, Sony, QSI, Panasonic and Ondax. The Company has established a strong position in the machine vision sector and building on this reputation has significantly expanded its presence into the solar, semi-conductor, security and medical markets.

The Company operates in two segments: as an independent designer and manufacturer of LED systems through Prophotonix (IRL) Limited; and as a manufacturer of laser modules and a distributor of laser diodes through Prophotonix Limited, a U.K. subsidiary. The operating units are Prophotonix (IRL) Limited based in Cork, Ireland, Prophotonix Limited and a U.K. subsidiary based near Stansted, United Kingdom. The Company's products serve a wide range of applications and industries including machine vision and industrial inspection, biomedical, defense and security, and other commercial applications.

Additional information about the Company can be found on the Company's website at https://www.prophotonix.com/.

10. Financial information concerning the Company

The following financial information is available on the Company's website at https://www.prophotonix.com/investors/financial-reports/:

- the audited financial statements of the Company for the year ended 31 December 2019, which has been announced through a Regulatory Information Service;
- the audited financial statements of the Company for the year ended 31 December 2020, which has been announced through a Regulatory Information Service; and
- the interim financial statements as of 30 June 2021, which has been announced through a Regulatory Information Service.

11. Information on Exaktera and PPL Merger Sub Inc.

Exaktera is a portfolio company of UPC. UPC is a U.S.-based private equity company firm focused on the industrial technology markets.

PPL Merger Sub Inc. is a newly incorporated company formed for the purpose of implementing the Acquisition. Save for activities in connection with the making, implementation and financing of the

Acquisition, PPL Merger Sub Inc. has not carried on any business prior to the date of the Merger Agreement. PPL Merger Sub Inc. has not prepared any historical financial accounts.

12. Financing of the Acquisition

Exaktera will fund the entire Acquisition Price with cash provided to it by UPC.

13. Company management and employees

Following the Acquisition, substantially all of the management team of the Company, including the CEO, are expected to continue their employment with the Company.

14. Related Party Transaction

At a meeting held on 10 November 2021 the Governance, Nominations and Remuneration Committee of the Board of Directors approved a one-time performance/retention bonus to Timothy P. Losik in the amount of $300,000 (which shall be subject to all applicable taxes and withholdings) in recognition of the many contributions he made to the Company, including exceptional leadership through challenging periods (including but not limited to those resulting from the COVID-19 global pandemic), reducing the debt burden on the Company (thereby eliminating the Company's dependence on lenders and debt), strengthening the Company's balance sheet, voluntarily reducing his compensation and then being the last employee to reinstate his full salary, frequent international travel on behalf of the Company, improved operational and financial results, leadership in connection with the Company's efforts to identify and consummate a favorable transaction with an acquiror and his willingness to remain an employee of the Company subsequent to the closing of the transaction (the "**Performance Bonus**"). There is no additional compensation being paid to Board members in connection with the transaction.

The payment of the Performance Bonus is deemed to be a related party transaction pursuant to AIM Rule 13 of the AIM Rules for Companies. The Company's board of directors (excluding Tim Losik, who is the recipient of the Performance Bonus) having consulted with Company's Nominated Adviser, WH Ireland Limited, consider that the terms of the Performance Bonus are fair and reasonable insofar as the Stockholders of the Company are concerned.

The Company's Chief Executive Officer, Timothy P. Losik, has agreed to personally indemnify Exaktera for an amount not to exceed $341,362.00 for indemnification claims that are made within 12 months after closing for damages resulting from breaches of certain representations and warranties in excess of $50,000, which amounts are to be held withheld from Mr. Losik's transaction proceeds and held in escrow with a third-party escrow agent. No other stockholder shall be held liable for indemnification claims.

15. Taxation

Your attention is drawn to Part 3 of the Proxy Statement, which contains a general guide as to the UK and US tax implications for Stockholders as a result of the Acquisition. If you are in any doubt as to your own tax position, or if you are subject to taxation in any jurisdiction other than the UK and US, you should consult an appropriate independent legal and tax adviser.

16. Cancellation of admission to trading on AIM

An application has been made to the London Stock Exchange for the admission of Company Common Stock to trading on AIM to be cancelled following the closing of the Merger. The last day of dealings in, and

for registration of transfers of, Company Common Stock is expected to be the close of business on the Effective Date. No transfers of Company Common Stock will be registered after such date.

It is intended that the cancellation of admission of Company Common Stock to trading on AIM will take effect on the first Business Day following the Effective Date, provided that the Delisting is approved at the Special Meeting by the Company's Stockholders. In addition, entitlements to Depository Interests held within the CREST system will be cancelled and share certificates in respect of Company Common Stock will cease to be valid and should, if so requested by the Company, be sent to the Company for cancellation.

17. Special Meeting

A notice convening a Special Meeting of the Company, to be held at 11:30 a.m. Eastern Time (U.S.) on 15 December 2021 at the offices of Nutter, McClennen & Fish, LLP, 155 Seaport Boulevard, Boston, Massachusetts, 02210, United States is set out above. A Form of Proxy or Form of Instruction to be used in connection with the Special Meeting is enclosed. The purpose of the Special Meeting is to seek Stockholders' approval of the Merger Agreement and the Delisting.

If the resolutions to approve the Merger Agreement and the Delisting are adopted at the Special Meeting in the manner set out above (**and subject to all other Conditions being satisfied and/or waived**), **the Company will be authorised to complete the Acquisition and if the Acquisition is completed**, **all Company Common Stock (other than Excluded Shares) will be cancelled and converted into the right to receive the Acquisition Price**, **including those Stockholders who voted against the Merger Resolution at the Special Meeting or who did not vote; provided**, **however that, under Delaware law**, **instead of accepting the Acquisition Price provided for in the Merger Agreement**, **Stockholders may demand to have their shares appraised by the Delaware Court of Chancery**. **This right of appraisal is subject to a number of restrictions and technical requirements**. **Generally**, **in order to exercise appraisal rights under Delaware law**, **a Stockholder may not vote in favour of approval of the Merger Agreement, must make a written demand for payment of the fair value of his/her/its shares prior to the vote on the Merger Agreement and must continuously hold his, her or its shares of Company Common Stock of record from the date of making the demand until the Effective Time of the Merger**. **Further details of the appraisal rights are set out in Part 2 of the Proxy Statement**.

18. Action to be taken

A registered holder of Company Common Stock should draw the attention of the underlying ultimate beneficial owner of such Company Common Stock to the statements and actions described in the Proxy Statement who is strongly recommended to take the action described below with respect to each of the following items:

- ***Form of Proxy* – for Stockholders other than DI holders**, **please complete the enclosed Form of Proxy and return it to Computershare Limited as instructed on the Proxy Card, as soon as possible and, in any event, so as to arrive before 11:30 a.m. Eastern Time (U.S.) on 13 December 2021.**
- ***Form of Instruction* – for DI holders only, please complete the enclosed Form of Instruction and return it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom, as soon as possible and, in any event, before 11:30 a.m. Eastern Time (U.S.) on 10 December 2021.**

Stockholders are urged to complete, **sign**, **date and return the enclosed Form of Proxy and/or Form of Instruction in the pre-paid envelope provided with the Proxy Statement**.

Upon the Acquisition becoming effective, each existing certificate representing a holding of Company Common Stock shall cease to have effect as documents of title or to be valid for any other purpose and each holder of certificates representing Company Common Stock shall be bound at the request of the Company to deliver up the same to the Company or to any person nominated by the Company for cancellation or to destroy the same.

19. Settlement of the Acquisition Price

Subject to the Acquisition becoming effective, the settlement of the Acquisition Price will generally be effected by the despatch of cheques or by the crediting of CREST accounts, as applicable, in the following manner:

- in the case of Depository Interests held in CREST, the cash consideration to which the Depository Interest holder is entitled to be paid by means of CREST by Exaktera procuring the creation of an assured payment obligation in favour of such Depository Interest holder; and
- in the case of Company Common Stock held outside of CREST, the cash consideration to which a Stockholder is entitled will be made in U.S. Dollars.

All such payments will be made net of any withholding tax required to be deducted by the Paying Agent and will be remitted by the Paying Agent on behalf of Exaktera.

In the case of Company Common Stock held by U.S. Stockholders in certificated or book entry form, Stockholders may be required to provide a letter of instruction with respect to where and through which method Acquisition Consideration should be delivered.

Acquisition Consideration will be distributed to validated Stockholders outside of the U.S. as of the date of Closing within five business days of Closing. Stockholders requiring validation, Stockholders who are not holding Company Common Stock through a brokerage account and/or those Stockholders holding Company Common Stock without valid addresses of record shall receive the Acquisition Consideration upon submission of appropriate information supplied by the Paying Agent.

It should be noted that all documents and remittances sent through the post will be sent at the risk of the person(s) entitled thereto, and none of the Company, Exaktera or any of their respective subsidiaries nor their nominees shall be responsible for any loss or delay in the transmission or delivery of documents and/or remittances sent in accordance with the above provisions.

Payments made by cheque shall be payable to the Stockholder concerned. Cheques will be despatched to the address appearing on the register of members of the Company (or, in the case of joint holders, to the address of the joint holder whose name stands first in the register in respect of such holdings). The encashment of any such cheque as is referred to in this paragraph shall be a complete discharge for the monies represented thereby.

For the avoidance of doubt, Stockholders who hold their stock through CREST do not need to take any further action if the Merger completes as their CREST accounts will be credited automatically within five Business Days of Closing.

20. Recommendation

The Board considers the Acquisition to be advisable and in the best interests of the Stockholders. Accordingly, the Board unanimously recommends that Stockholders vote in favour of the Resolutions to be proposed at the Special Meeting.

Yours faithfully,

Timothy P. Losik
President and CEO

NOTICE OF SPECIAL MEETING OF

PROPHOTONIX LIMITED

(*incorporated in the State of Delaware under the Delaware General Corporation Law*)

Notice is hereby given that the Special Meeting of the Company will be held at the offices of Nutter, McClennen & Fish, LLP, 155 Seaport Boulevard, Boston, Massachusetts, 02210, United States, on 15 December 2021 at 11:30 a.m. Eastern Time (U.S.) to consider and, if thought fit, pass the following resolutions:

1. **THAT** the Acquisition and the terms of the Merger Agreement be and are hereby approved.

2. **THAT,** following the closing of the Merger, the Delisting be and is hereby approved.

By order of the Board:

Thomas B. Rosedale
Secretary

Registered Office:
Corporate Filing Solutions, LLC
1400 Peoples Plaza, Suite 104
Newark, New Castle, Delaware 19702
USA

16 November 2021

NOTES AND INFORMATION

(1) Only holders of Company Common Stock on the register at and as of the close of business on 11 November 2021, the Record Date, shall be entitled to attend and/or vote at the Special Meeting. Such Stockholders can vote in respect of the number of shares registered in their names at that time, but any subsequent changes to the register shall be disregarded in determining rights to attend and vote. All votes will be tabulated by the inspector of elections appointed for the Special Meeting, who will separately tabulate affirmative and negative votes and votes withheld. A Stockholder who is present in person or by proxy and who abstains from taking any of the Stockholder action described in the Proxy Statement will be included in the number of Stockholders present at the Special Meeting for the purpose of determining the presence of a quorum. Abstentions will be counted as votes against the Merger Resolution and the Delisting Resolution.

(2) Any Stockholder is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend the Special Meeting and to speak and act on his/her behalf. If a Stockholder appoints more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by that Stockholder. A proxy need not be a Stockholder of the Company but must attend the Special Meeting to represent the relevant Stockholder who appointed him/her. A Form of Proxy which may be used to make such appointment and give proxy instructions is enclosed with these materials and is available from the Company's website at www.egi.com. To be effective, a duly completed Form of Proxy, together with any power of attorney or other authority under which it is signed or a notarized certified copy of such power or authority, must reach Computershare Limited at the address provided on the Proxy Card by 11:30 a.m. Eastern time (U.S.) on 13 December 2021. If two or more valid but differing appointments of a proxy are received in respect of the same share for use at the same meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

(3) Unless voting instructions are indicated on the Form of Proxy, a proxy may vote or withhold his vote as he thinks fit on the resolution or on any other business (including amendments to the

resolution) which may come before the meeting. A vote withheld will have the effect of a vote against the proposals.

(4) A Stockholder must inform the Company in writing of any termination of the authority of a proxy.

(5) Any corporation which is a Stockholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Stockholder provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. Stockholders considering the appointment of a corporate representative should check their own legal position, the Company's certificate of incorporation, bylaws and the relevant provisions of the Delaware General Corporation Law.

(6) A copy of the Proxy Statement can be found at the Company's website (www.prophotonix.com).

(7) By completing the enclosed Form of Instruction, holders of Depository Interests can instruct Computershare Investor Services PLC ("**Depository**") to vote on their behalf at the Special Meeting, either in person or by proxy. If the Form of Instruction is completed without any indication as to how the Depository should vote, the Depository Interest holder will be deemed as instructing the Depository to withhold from voting. If the Depository Interest holder wishes to instruct the Depository (other than electronically using CREST), they must lodge the completed Form of Instruction with Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom, during normal business hours and in any case before 11:30 a.m. Eastern Time (U.S.) on 10 December 2021.

(8) Holders of Depository Interests in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual ID number 3RA50). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf. In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a "**CREST Voting Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST).

(9) To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Depository before 11:30 a.m. Eastern Time (U.S.) (4:30 p.m. London Time (U.K.) on 10 December 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. Holders of Depository Interests in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the Depository Interest holder concerned to take (or, if the Depository Interest holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time. In this connection, Depository Interest holders 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.

(10) As at 9:00 a.m. Eastern Time (U.S.) on 11 November 2021, the Company's issued share capital comprised 93,300,402 of Company Common Stock of par value $0.001. Each Company Common Stock carries the right to one vote at a Special Meeting of the Company and, therefore, the total number of voting rights in the Company as at 9:00 a.m. Eastern Time (U.S.) on 16 November 2021 is 93,300,402. The Company does not hold any shares in treasury.

(11) A Depository Interest holder wishing to attend the Special Meeting will require a Letter of Representation. This can be requested before 11:30 a.m. Eastern Time (U.S.) on 10 December 2021 from Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom, or by email to !UKALLDITeam2@computershare.co.uk.

(12) If you hold shares in street name, you must give instructions to your nominee on how you would like your shares to be voted. If a nominee holds your shares and you do not instruct the nominee how to vote on these items, your shares will not be voted on your behalf.

THE PROXY STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. **THE PROXY STATEMENT CONTAINS PROPOSALS WHICH**, **IF IMPLEMENTED**, **WILL RESULT IN THE COMPANY SEEKING CANCELLATION FROM ADMISSION TO TRADING ON AIM**.

If you are in any doubt as to the contents of the Proxy Statement, the Acquisition and/or any action you should take, **you are recommended to immediately seek your own independent financial advice from your stockbroker**, **bank manager**, **solicitor**, **accountant or other independent financial adviser who is authorised under the Financial Services and Markets Act 2000** (**as amended**) ("**FSMA**") **if you are a resident in the United Kingdom or**, **if you are taking advice in a territory outside the United Kingdom**, **from an appropriately authorised independent financial**, **tax, legal or other professional adviser**.

If you have sold or otherwise transferred all your Company Common Stock prior to the Record Date, please send the Proxy Statement (but not the personalised Form of Proxy or Form of Instruction), at once 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, these documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Company Common Stock, please retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The London Stock Exchange has not itself examined or approved the contents of the Proxy Statement. 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 and the AIM Rules are less demanding than those of the Official List of the UK Listing Authority.

WH Ireland Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company in connection with the Acquisition and for no one else in connection with the transactions described in the Proxy Statement and will not be responsible to anyone other than the Company for providing the protections afforded to clients of WH Ireland Limited, nor for giving advice in relation to such transactions.

Apart from the responsibilities and liabilities, if any, which may be imposed on WH Ireland Limited by FSMA or the regulatory regime established thereunder, WH Ireland Limited accepts no responsibility or liability whatsoever for the contents of the Proxy Statement or for any other statement made or purported to be made in connection with the Company or the Proxy Statement. WH Ireland Limited accordingly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of the Proxy Statement or any such statement.

To the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in the Proxy Statement is in accordance with the facts and does not omit anything likely to affect the import of such information. In connection with the Proxy Statement, no person is authorised to give any information or make any representation other than as contained in the Proxy Statement.

The distribution of the Proxy Statement and the accompanying documents in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession the Proxy Statement and the accompanying documents come should inform themselves about and observe any such restrictions. **Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction**.

Stockholders should read the whole of the Proxy Statement. In addition, the Proxy Statement should be read in conjunction with the documents listed herein as incorporated by reference and the accompanying Form of Proxy or Form of Instruction. Unless the context requires otherwise, capitalised words and phrases used in the Proxy Statement have the meanings given to them in Part 4 of the Proxy Statement.

RECOMMENDED ACQUISITION

of

PROPHOTONIX LIMITED

(incorporated in the State of Delaware under the Delaware General Corporation Law)

by a subsidiary of

EXAKTERA, LLC

(formed in the State of Delaware under the Delaware General Corporation Law)

to be effected by means of a merger under the laws of the State of Delaware

and

NOTICE OF SPECIAL MEETING

The Proxy Statement should be read as a whole. Your attention is drawn to the letter from the Chief Executive Officer of the Company, which contains the unanimous recommendation of the Board of Directors that you vote in favour of the Merger Resolution and the Delisting Resolution at the Special Meeting.

A registered holder of Company Common Stock should draw the attention of the underlying ultimate beneficial owner of such Company Common Stock to the statements and actions described on page 20 of the Proxy Statement under the heading "Action to be Taken". Failure to do so may result in the Acquisition failing to complete and the benefits to Stockholders failing to be realized.

Notice of a Special Meeting of the Company, to be held at 11:30 a.m. Eastern Time (U.S.) on 15 December 2021 is provided with the Proxy Statement. A Form of Proxy or Form of Instruction for use in connection with the Special Meeting accompanies the Proxy Statement. Please complete, execute and submit the proxy card sent to you. Individualized details regarding voting of your Company Common Stock (by mail, internet or telephone, as permitted) are included in the materials sent to you.

If, however, you hold your Company Common Stock as Depository Interests, whether or not you plan to attend the Special Meeting, you are encouraged to complete the accompanying Form of Instruction for use in order to direct the Depository on how it should vote at the Special Meeting and return it to Computershare Investor Services PLC, as soon as possible and, in any event, before 11:30 a.m. Eastern Time (U.S.) on 10 December 2021. Alternatively, DI holders may direct the Depository by using the CREST voting service in accordance with the procedures set out in the CREST manual. A letter of representation can be requested from the Depository should a DI holder wish to elect a representative to attend, speak or vote at the meeting.

Any further announcements (and any other relevant document and any other information published) shall be made available via the Company's website at https://www.prophotonix.com/ and any announcement shall also be made via a Regulatory Information Service. Please be aware that any notifications on the Company's website or the Regulatory Information Service shall not constitute a summary of this document and should not under any circumstances be used as a substitute for reading it in full.

IMPORTANT NOTICE

The distribution of the Proxy Statement and/or the accompanying documents in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession the Proxy Statement and the accompanying documents come should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither the Proxy Statement nor the accompanying documents constitute an offer or an invitation to purchase any securities or a solicitation of an offer to sell any securities in any jurisdiction in which such offer or solicitation is unlawful. This document is not an approved prospectus for the purposes of, and as defined in, Section 85 of FSMA and has not been prepared in accordance with the Prospectus Rules nor has it been approved by, or filed with, the Financial Conduct Authority or by any other authority which is a competent authority for the purpose of the Prospectus Rules. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules. The Proxy Statement and the accompanying documents have been prepared in connection with a proposal in relation to the Acquisition pursuant to and for the purpose of complying with the laws of the United Kingdom, the United States and the State of Delaware and information disclosed may not be the same as that which would have been prepared in accordance with laws of jurisdictions outside of the United Kingdom, the United States and the State of Delaware. Nothing in the Proxy Statement or the accompanying documents should be relied on for any other purpose. The statements contained herein are made as at the Latest Practicable Date, unless some other time is specified in relation to them, and service of the Proxy Statement will not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained herein will be deemed to be a forecast, projection or estimate of the future financial performance of the Company, Exaktera or the combined companies.

No person has been authorised to make representations on behalf of the Company or Exaktera concerning the Acquisition which are inconsistent with the statements contained herein and any such representations, if made, may not be relied upon as having been so authorised. The summaries of the principal provisions of the Merger Agreement contained in the Proxy Statement are qualified in their entirety by reference to the Merger Agreement itself, the text of which will be available at the Special Meeting and is currently available upon request from the Company's Secretary: Thomas B. Rosedale, 380 Washington Street, 2nd Floor, Wellesley, Massachusetts 02481, United States. Each Stockholder is advised to read and consider carefully the text of the Merger Agreement itself.

As the Company is incorporated in the State of Delaware with its registered office in the State of Delaware, and it has not made any public statements that the Company would act as if it were subject to the Takeover Code in the event of a takeover or merger, the Company is not subject to the provisions of the Takeover Code. The Proxy Statement has not been reviewed or commented on by the UK Panel on Takeovers and Mergers. Although the Company is incorporated in the State of Delaware, the Proxy Statement has not been reviewed by authorities in the United States including by the United States Securities and Exchange Commission. As a result, the Proxy Statement may differ in certain respects from the documentation required in the context of a transaction subject to the Takeover Code or other law applicable in the United States.

No person should construe the contents of the Proxy Statement as legal, financial or tax advice but should consult his, her or its own advisers in connection with the matters contained herein.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Proxy Statement contains statements that are or may be forward-looking statements. All statements other than statements of historical facts included in the Proxy Statement may be forward-looking statements, including statements that relate to the Company, Exaktera and/or their respective subsidiaries' future prospects, developments and strategies prior to and after the consummation of the Acquisition.

Forward-looking statements may be identified by their use of terms and phrases such as "believe", "targets", "expects", "aim", "anticipate", "projects", "would", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the Company's and Exaktera's operations and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on the Company's and Exaktera's business. The forward-looking statements in the Proxy Statement are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of the Company, Exaktera and/or their respective subsidiaries and the environment in which each will operate in the future prior to and after the consummation of the Acquisition and readers are cautioned not to place undue reliance on such forward-looking statements. All subsequent oral or written forward-looking statements attributed to the Company, Exaktera and/or their respective subsidiaries or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above.

Each forward-looking statement speaks only as at the Latest Practicable Date. Except as required by applicable law or regulatory requirement (including the AIM Rules), neither the Company nor any other party intends to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

NOTICE TO STOCKHOLDERS OUTSIDE OF THE UNITED KINGDOM

The implications of the Acquisition for Stockholders Outside of the United Kingdom may be affected by the laws of the relevant jurisdictions. Such Stockholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each such Stockholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

The Proxy Statement has been prepared for the purposes of complying with the laws of the State of Delaware and the information disclosed may be different from that which would have been disclosed if the Proxy Statement had been prepared in accordance with the laws of jurisdictions outside the State of Delaware. Stockholders Outside of the United Kingdom should consult their own legal and tax advisers with regard to the legal and tax consequences of the Acquisition on their particular circumstances. In particular, the ability of persons who are not resident in the United Kingdom to vote their Company Common Stock at the Special Meeting or to execute and deliver a Form of Proxy appointing another to vote their Company

Common Stock in respect of the Special Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located.

Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. Such Stockholders should consult their own legal and tax advisers with regard to the legal and tax consequences of the Acquisition on their particular circumstances.

ROUNDING OF FIGURES

Certain figures included in the Proxy Statement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

PUBLICATION ON WEBSITE

A copy of the Proxy Statement is and will be available free of charge for inspection on the Company's website at https://www.prophotonix.com/ in accordance with the AIM Rules. In addition, the following documents, which are incorporated into the Proxy Statement by reference, will also be available on the Company's website:

- Merger Agreement;
- Form of Proxy; and
- Form of Instruction.

The Merger Agreement also will be available for inspection at the Special Meeting and is also available upon request from the Company's Secretary: Thomas B. Rosedale, 380 Washington Street, 2nd Floor, Wellesley, Massachusetts 02481, United States.

ACTION TO BE TAKEN

1. Importance of taking action now

A registered holder of Company Common Stock should draw the attention of the underlying ultimate beneficial owner of such Company Common Stock to the statements and actions described below. **Failure to do so may result in the Acquisition failing to complete.**

Under Delaware law, **instead of accepting the Acquisition Price provided for in the Merger Agreement**, **Stockholders who believe that such consideration is inadequate may demand to have their shares appraised by the Delaware Court of Chancery**. **This right of appraisal is subject to a number of restrictions and technical requirements**. **Generally**, **in order to exercise appraisal rights under Delaware law**, **a Stockholder may not vote in favour of adoption of the Merger Agreement, must make a written demand for payment of the fair value of his/her/its shares prior to the vote on the Merger Agreement at the Special Meeting and must continuously hold his, her or its shares of Company Common Stock of record from the date of making the demand until the Effective Time of the Merger**. **Further details of the appraisal rights are set out in Part 2 of the Proxy Statement**.

2. Consequences of failure to take action

It is a condition of the Merger Agreement that Stockholders representing in aggregate a majority (greater than 50%) of the issued and outstanding shares of Company Common Stock entitled to vote thereon at the Special Meeting adopt resolutions to approve the Merger Agreement and that Stockholders representing in aggregate at least 75% of the votes cast at the meeting approve the Delisting Resolution. Failure to approve the Merger Agreement or the Delisting Resolution may mean that the Acquisition may not complete.

3. Action to be Taken

For the reasons set out above, you are strongly recommended to take the action described below with respect to each of the following items:

- *Form of Proxy* – for registered Stockholders other than DI holders, please complete, execute and submit the proxy card sent to you, so as to arrive before 11:30 a.m. Eastern Time (U.S.) on 13 December 2021. Individualized details regarding voting of your Company Common Stock (by mail, internet or telephone, as permitted) are included in the materials sent to you.
- *Form of Instruction* – for registered DI holders only, please complete the enclosed Form of Instruction and return it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom as soon as possible and, in any event, so as to arrive before 11:30 a.m. Eastern Time (U.S.) on 10 December 2021.

Stockholders are urged to complete, **sign**, **date and return the enclosed Form of Proxy and/or Form of Instruction in the pre-paid envelope provided with the Proxy Statement**.

Further details with respect to the voting at the Special Meeting and the voting procedures which will apply are set out below.

4. Time and Place of the Special Meeting

The Proxy Statement is being furnished to holders of Company Common Stock in connection with the solicitation of proxies by and on behalf of the Board for use at the Special Meeting to be held at 11:30 a.m. Eastern Time (U.S.) at Nutter, McClennen & Fish, LLP, 155 Seaport Boulevard, Boston, Massachusetts, 02210, United States, and at any adjournment or postponement thereof.

The Company is first mailing the Proxy Statement, the accompanying Notice of Special Meeting, Form of Proxy and Form of Instruction on or about 16 November 2021 to all holders of Company Common Stock entitled to notice of, and to vote at, the Special Meeting.

5. Purposes of the Special Meeting

At the Special Meeting, the Stockholders will consider and vote on two Resolutions, which resolutions approve the Merger Agreement and the delisting of the Common Stock from AIM following the closing of the Merger.

To approve the Merger Agreement, the Acquisition and delisting of Company Common Stock from AIM following the closing of the Merger, it is proposed that at the Special Meeting, the following Resolutions be adopted:

"**THAT** the Acquisition and the Merger Agreement be and are hereby approved; and

THAT, following the closing of the Merger, the Delisting be and is hereby approved."

In order for the Acquisition to occur (and subject to all other Conditions being satisfied and/or waived), Stockholders must adopt the Resolution approving the Acquisition and the Merger Agreement (the "**Merger Resolution**") by the affirmative vote of Stockholders holding a majority (greater than 50%) of the issued and outstanding shares of Company Common Stock entitled to vote on the Merger Resolution at the Special Meeting ("**Merger Approval**").

Stockholders are also being asked to approve the Resolution for the cancellation of the admission of Company Common Stock to trading on AIM (the "**Delisting Resolution**" and collectively with the Merger Resolution, the "**Resolutions**") by the affirmative vote of Stockholders holding at least 75% of the votes cast at the meeting ("**Delisting Approval**" and together with the Merger Approval, the "**Stockholder Approval**").

If the Stockholders fail to provide the Stockholder Approval, the Acquisition will not be completed. For more information about the Merger Agreement, see Part 1 of the Proxy Statement.

If the Acquisition and the Merger Agreement are approved by resolutions adopted at the Special Meeting in the manner set out above (**and subject to all other Conditions being satisfied and/or waived**), **the Company will be authorised to complete the Acquisition and if the Acquisition is completed**, **all Company Common Stock (other than Excluded Shares) will be cancelled and converted into the right receive the Acquisition Price**, **including those Stockholders who voted against the Merger Resolution at the Special Meeting or who did not vote; provided**, **however that:**

- under Delaware law, instead of accepting the Acquisition Price provided for in the Merger Agreement, Stockholders who believe that such consideration is inadequate may demand to have their shares appraised by the Delaware Court of Chancery. This right of appraisal is subject to a number of restrictions and technical requirements. Generally, in order to exercise appraisal rights under Delaware law, a Stockholder may not vote in favour of approval of the Merger Agreement and must make a written demand for payment of the fair value of his/hers/its shares prior to the vote on the Merger Agreement and must continuously hold his, her or its shares of Company Common Stock of record from the date of making the demand until the Effective Time of the Merger. Further details of the appraisal rights are set out in Part 2 of the Proxy Statement.

Following closing of the Acquisition, **the Company will be a subsidiary of Exaktera**.

The Company has applied to cancel admission of Company Common Stock to trading on AIM to take effect following closing of the Acquisition, **currently anticipated to be 16 December 2021**. **As a**

result, **after the Acquisition**, **Company Common Stock will no longer be publicly traded on AIM or elsewhere**.

6. Recommendation of the Board

THE BOARD UNANIMOUSLY BELIEVES THAT THE ACQUISITION IS ADVISABLE, FAIR TO AND IN THE BEST INTERESTS OF THE STOCKHOLDERS AND UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" THE RESOLUTIONS.

7. Record Date; Stockholders Entitled to Vote and Notice

In accordance with the laws of the State of Delaware and the Company's Certificate of Incorporation and Bylaws, the Board has fixed 11 November 2021 as the Record Date for determining the Stockholders entitled to notice of, and to vote at, the Special Meeting. Accordingly, a Stockholder is entitled to notice of, and to vote at, the Special Meeting only if it is a record holder of Company Common Stock on the Record Date, and only in respect of those shares actually held on the Record Date.

DI holders will require a Letter of Representation in order to attend, speak or vote in person at the Special Meeting. This may be requested from the Depository before 11:30 a.m. Eastern Time (U.S.) on 10 December 2021.

As of the Record Date, there were 93,300,402 shares of Company Common Stock outstanding and entitled to vote.

8. Quorum

A quorum must be present in order for the Special Meeting to be held. Pursuant to the Company's Certificate of Incorporation and Bylaws, the quorum required for the Special Meeting consists of a majority of Company Common Stock entitled to vote on a matter, in person or by proxy.

9. Voting Rights and Vote Required

The holders of Company Common Stock issued and outstanding on the Record Date will be entitled to one vote upon each of the matters to be presented at the Special Meeting for each share held.

Provided that a quorum is present, the Resolutions must be adopted by the affirmative vote of the Stockholders by the following votes:

- the Merger Resolution must be adopted and approved by the affirmative vote of Stockholders holding a majority (greater than 50%) of the issued and outstanding shares of Company Common Stock entitled to vote thereon at the Special Meeting; and
- the Delisting Resolution must be adopted and approved by the affirmative vote of Stockholders holding at least 75% of the votes cast at the meeting.

Once Company Common Stock is represented at the Special Meeting, other than to object to holding the Special Meeting or transacting business, it is deemed to be present for quorum purposes for the remainder of the Special Meeting and for any adjournment of that Special Meeting, unless a new record date is or must be set for the reconvened Special Meeting. At such reconvened Special Meeting, any business may be transacted that might have been transacted at the Special Meeting as originally notified. Shares of Company Common Stock that do not vote on one or both of the Resolutions, and Company Common Stock represented at the Special Meeting by proxy where the Stockholder has properly withheld authority to vote on such Resolutions (i.e. abstained) will be counted for the purposes of determining whether a quorum exists, but will have the effect of voting against approval of the Merger Resolution and the Delisting

Resolution. All Company Common Stock issued and outstanding on the Record Date (even those not represented at the Special Meeting) will be counted for determining the voting power of Stockholders entitled to vote at the Special Meeting.

10. Voting Procedures

For information on how to vote at the Special Meeting (including by proxy), please see the detailed notes to the Notice of Special Meeting at the end of the Proxy Statement and the instructions to the Form of Proxy and Form of Instruction.

To be valid:

- a Form of Proxy should be completed and returned to Computershare Limited or, in the case of a proxy transmitted electronically, the electronic address specified on the Form of Proxy as soon as possible and, in any event, so as to arrive before 11:30 a.m Eastern Time (U.S.) on 13 December 2021.
- a Form of Instruction (for holders of Depository Interests only) should be completed and returned to Computershare Investor Services PLC, as soon as possible and, in any event, before 11:30 a.m. Eastern Time (U.S.) on 10 December 2021.

11. Assistance

If you have any questions relating to the Special Meeting, the Proxy Statement or the completion and return of the Form of Proxy and/or Form of Instruction, please address your questions in writing to the Company, 13 Red Roof Lane, Suite 200, Salem, New Hampshire, 03079 or call the Company at +1 (603) 893-8778. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United States will be charged at the applicable international rate. The phone lines will be open between 9.00 a.m. to 5.00 p.m. Eastern Time (U.S.), Monday to Friday excluding public holidays in the United States. Please note that the Company cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

STOCKHOLDERS ARE URGED TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED FORM OF PROXY AND/OR FORM OF INSTRUCTION IN THE PRE-PAID ENVELOPE PROVIDED WITH THE PROXY STATEMENT.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	**Time and/or Date**
Execution of Merger Agreement	10 November 2021
Record Date for determining the Stockholders entitled to vote at and receive notice of the Special Meeting	11 November 2021
Distribution of the Proxy Statement and Notice of Special Meeting	16 November 2021
Last time for lodging the Form of Instruction	11:30 a.m. Eastern Time (U.S.) on 10 December 2021
Last time for lodging the Form of Proxy	11:30 a.m. Eastern Time (U.S.) on 13 December 2021
Special Meeting of the Company	11:30 a.m. Eastern Time (U.S.) on 15 December 2021
Last day of dealing in Company Common Stock on AIM	16 December 2021*
Payment of Acquisition Price to Stockholders commences**	16 December 2021*
Closing of the Acquisition	16 December 2021*
Termination of the Depository Interest register	7:00 a.m. London Time on 17 December 2021
Date of Cancellation	7:00 a.m. London time on 17 December 2021*

*Subject to satisfaction or waiver of other conditions to closing as provided for in the Merger Agreement.

**Further details as to how Stockholders receive the Acquisition Price is set out below.

The Company has applied to cancel admission of Company Common Stock to trading on AIM to take effect following closing of the Acquisition. **As a result**, **after the Acquisition**, **Company Common Stock will no longer be publicly traded on AIM or elsewhere**.

The times and dates in the timetable above, except for the historical dates and the expected date of the Special Meeting, are indicative only. If any of the above times and/or dates change, the revised times and dates will be notified to Stockholders by an announcement through a regulatory information service recognised by the London Stock Exchange or otherwise in accordance with applicable law.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Timothy P. Losik (*President and Chief Executive Officer*) Raymond Oglethrope (*Chairman*) Vincent Thompson
Secretary	Thomas B. Rosedale
Financial Advisers to the Company	Lincoln International LLP
Registered Office	Corporate Filing Solutions, LLC 1400 Peoples Plaza, Suite 104 Newark, New Castle, Delaware 19702 USA
Principal Place of Business	13 Red Roof Lane, Suite 200 Salem, New Hampshire, 03079
Nominated Adviser and Broker	WH Ireland Limited 24 Martin Lane London, EC4R ODR, United Kingdom
Legal Advisers to the Company	Nutter, McClennen & Fish, LLP Attn: Thomas B. Rosedale 155 Seaport Boulevard Boston, Massachusetts, 02210, United States
Depository	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY, United Kingdom
Paying Agent or **Receiving Agent**	Computershare Limited 150 Royall Street Canton, MA 02021
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY, United Kingdom
Website	https://www.prophotonix.com/

PART 1

THE MERGER AGREEMENT

This part of the Proxy Statement describes the material provisions of the Merger Agreement but does not purport to describe all of the terms of the Merger Agreement and may not contain all of the information that is important to you. The following summary is qualified in its entirety by reference to the complete text of the Merger Agreement, which will be available at the Special Meeting and on the Company's website, and is currently available upon request from the Company's Secretary: Thomas B. Rosedale, 380 Washington Street, 2nd Floor, Wellesley, Massachusetts 02481, United States.

The Merger Agreement contains representations and warranties by the Company which were made only for the purposes of that agreement and as of specified dates. The representations, warranties and covenants in the Merger Agreement were made solely for the benefit of the parties to the Merger Agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Merger Agreement instead of establishing these matters as facts, and may apply contractual standards of materiality or material adverse effect that generally differ from those applicable to investors. In addition, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures.

1. The Acquisition

Pursuant to the terms of the Merger Agreement, PPL Merger Sub Inc. shall be merged with and into the Company, with the Company being the surviving corporation ("**Surviving Corporation**"). Upon such event taking place, each share of Company Common Stock (other than Excluded Shares) will be converted into the right to receive the Acquisition Price.

2. Representations and Warranties ("representations")

The Merger Agreement contains a number of representations made by and to the Company on the one hand, and by and to Exaktera and PPL Merger Sub Inc. on the other hand.

Representations made by the Company to Exaktera and PPL Merger Sub Inc. in the Merger Agreement relate to, among other things:

- organisation, good standing, and qualification;
- capital structure of the Company;
- corporate authority and approval and fairness of the Merger;
- required governmental filings, no violations, and certain contracts;
- financial statements and internal controls;
- absence of certain changes;
- litigation and liabilities;
- employees and employee benefits;
- labour matters;
- compliance with laws and permits;

- takeover statutes;
- environmental matters;
- tax matters;
- intellectual property;
- insurance;
- material contracts;
- brokers and finders;
- suppliers and customers;
- real property; and
- data protection.

Representations made by Exaktera and PPL Merger Sub Inc. in the Merger Agreement relate to, among other things:

- organisation and good standing;
- corporate authority;
- governmental filings and no violations;
- litigation;
- ownership of Company Common Stock;
- available funds;
- capitalization of PPL Merger Sub Inc.; and
- non-reliance.

3. Conditions to closing

The Merger Agreement contains a number of conditions to closing including:

- Conditions to each party's obligation to effect the Acquisition:
    - no court or other Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Order.
- Conditions to Exaktera and PPL Merger Sub Inc.'s obligations to effect the Acquisition:
    - (i) each of the representations and warranties of the Company set forth in Sections 4.2, 4.3 and 4.6 of the Merger Agreement shall have been true and correct as of the date of the Merger Agreement and shall be true and correct as of the date of the closing (except to the extent that any such representation and warranty expressly speaks as of a particular date or period of time, in which case such representation and warranty shall be so true and correct as of such particular date or period of time; (ii) each of the representations and warranties of the Company set forth in Sections 4.5(b), 4.11, 4.17 and 4.22 shall have been true and correct as of the date of the Merger Agreement and shall be true and correct in all material respects as of the date of the closing (except to the extent that any such representation and warranty speaks as of a particular date or period of time, in which case

such representation and warranty shall be so true and correct in all material respects as of such particular date or period of time); and (iii) each other representation and warranty of the Company set forth in the Merger Agreement shall have been true and correct as of the date of the Merger Agreement and shall be true and correct as of the date of the closing (except to the extent that any such representation and warranty expressly speaks as of a particular date or period of time, in which case such representation and warranty shall be so true and correct as of such particular date or period of time), except, in the case of clause (iii), for any failure of any such representation and warranty to be so true and correct (without giving effect to any qualification by materiality or Material Adverse Effect contained therein) that would not, individually or in the aggregate, reasonable be expected to have a Material Adverse effect;

- the Company shall have performed in all material respects all obligations required to be performed by it under the Merger Agreement at or prior to the closing;
- Exaktera and PPL Merger Sub Inc. shall have received at closing a certificate signed on behalf of the Company by the CEO of the Company certifying that the conditions are satisfied;
- there shall be no pending suit, action or proceeding in which a Governmental Entity is seeking an Order or to (A) prohibit, limit, restrain or impair Exaktera's ability to own or operate or to retain or change all or a material portion of the assets, licenses, operations, rights, product lines, businesses or interest therein of the Company or its Subsidiaries from and after the Effective Time or any of the assets, licenses, operations, rights, product lines, businesses or interest therein of Exaktera or its Affiliates or (B) prohibit or limit Exaktera's ability to vote, transfer, receive dividends or otherwise exercise full ownership rights with respect to the stock of the Surviving Corporation, and no Governmental Entity of competent jurisdiction shall have at the date of the Merger Agreement enacted, issued, promulgated, enforced or entered any Law deemed applicable to the Merger, individually or in the aggregate, resulting in any of the foregoing;
- other than the filing of the Certificate of Merger, all Governmental Consents shall have been made or obtained, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or to provide a reasonable basis to conclude that any of the parties or any of their Affiliates would be subject to risk of criminal or civil sanctions;
- since the date of the Merger Agreement, there shall not have occurred any change, event, circumstance or development that has had or would reasonably be expected to have a Material Adverse Effect;
- at least five days prior to the Effective Time, the Company shall have prepared and delivered to Exaktera a statement setting forth the Estimated Closing Consolidated Cash, which statement shall contain an estimated balance sheet of the Company as of the Effective Time (without giving effect to the transactions contemplated herein), an Estimated Closing Consolidated Cash Statement, and a certificate of the Chief Financial Officer of the Company that the Estimated Closing Cash Consolidated Cash Statement was prepared in accordance with GAAP, applied using the same accounting methods, practices, principles, policies and procedures, with consistent clarifications, judgments and valuation and estimation methodologies that were used in preparation of the Company's audited financial statements for the year ended 31 December 2020 as if such Estimated

Closing Consolidated Cash Statement was being prepared and audited as of a fiscal year end;

- at or prior to the Effective Time, the Company shall have deposited or caused to be deposited with the Paying Agent, for the benefit of the holders of the Shares (other than the Excluded Shares) an amount in cash equal to the excess of the Estimated Closing Consolidated Cash over $1,500,000;
- the Company will have delivered to Exaktera and PPL Merger Sub Inc. a duly executed copy of the joinder duly from Timothy P. Losik; and
- the Company shall have terminated the Rights Agreement upon closing; and
- receipt of Stockholder Approval and approval of the Merger Agreement by the sole stockholder of PPL Merger Sub Inc.

- Conditions to the Company's obligations to effect the Acquisition:
  - the representations of Exaktera and PPL Merger Sub Inc. shall be true and correct in all material respects as of the date of the Merger Agreement and as of the Closing Date (except to the extent that any such representation expressly speaks as of a particular date or period of time, in which case such representation shall be so true and correct in all material respects as of such particular date or period of time);
  - each of Exaktera and PPL Merger Sub Inc. shall have performed in all material respects all obligations required to be performed by it under the Merger Agreement at or prior to the closing;
  - the sole stockholder of PPL Merger Sub Inc. shall have adopted the Merger Agreement in accordance with applicable law and the certificate of incorporation and bylaws of PPL Merger Sub Inc.; and
  - the Company shall have received at closing a certificate signed on behalf of Exaktera and PPL Merger Sub Inc. by an executive officer of Exaktera certifying that the above three conditions are satisfied.

4. Termination

The Merger Agreement may be terminated:

- by mutual written consent of the Company and Exaktera;
- by either Exaktera or the Company, if the Acquisition shall not have been consummated by 5:00 p.m., Eastern Time (U.S.) on February 11, 2022 (the "**Outside Date**");
- by either Exaktera or the Company if the Stockholder Approval shall not have been obtained at the Special Meeting or at any adjournment or postponement thereof taken in accordance with the Merger Agreement;
- by either Exaktera or the Company, if any Order permanently restraining, enjoining or otherwise prohibiting consummation of the Acquisition shall become final and non-appealable;
- by either Exaktera or the Company, if there has been a breach by the Company, on the one hand, or Exaktera or PPL Merger Sub Inc., on the other hand, of any representation, warranty, covenant or agreement set forth in the Merger Agreement, or if any representation or warranty of the Company, on the one hand, or Exaktera or PPL Merger Sub Inc., on the other hand, shall have become untrue, in either case such that the conditions in Section 7.2(a) or Section 7.2(b) of the

Merger Agreement, in the case of a breach by the Company, or Section 7.3(a) or Section 7.3(b) of the Merger Agreement, in the case of a breach by Exaktera and PPL Merger Sub Inc., would not be satisfied (and such breach or failure to be true and correct is not curable prior to the Outside Date, or if curable prior to the Outside Date, has not been cured within the earlier of (i) 30 calendar days after the giving of notice thereof by the non-breaching party to the breaching party or (ii) three Business Days prior to the Outside Date);

- by the Company, prior to the time the Stockholder Approval is obtained, if the Company Board authorizes the Company to enter into an Alternative Acquisition Agreement to the extent permitted and in accordance with the Merger Agreement in response to a Superior Proposal.
- by Exaktera, prior to the time the Stockholder Approval is obtained, if (i) the Company Board shall have made a Change in Recommendation or (ii) the Company fails to hold a vote to obtain the Stockholder Approval.

Effect of Termination:

- In the event that the Merger Agreement is terminated and the Merger is abandoned pursuant to the terms of the Merger Agreement, the Merger Agreement shall become void and of no effect with no liability to any Person on the part of any party thereto (or any of its Representatives or Affiliates); provided, however, and notwithstanding anything in the foregoing to the contrary in the Merger Agreement, no such termination shall relieve any party to the Merger Agreement of any liability or damages to the other party thereto resulting from Fraud or Willful Breach of the Merger Agreement.
- The term "**Willful Breach**" means an intentional and willful material breach, or an intentional and willful material failure to perform, in each case that is the consequence of an act or omission by a party with the actual knowledge that the taking of such act or failure to take such act would cause a breach of the Merger Agreement.
- The term "**Fraud**" means, with respect to a Person, an actual and intentional fraud requiring a misrepresentation of a material fact, or a concealment of a material fact, by such Person; provided, that such actual and intentional fraud shall only be deemed to exist if such Person had actual knowledge (as opposed to imputed or constructive knowledge) of a misrepresentation or concealment of such fact(s) by such Person made herein and actually intended to deceive the Person to which such misrepresentation or concealment of such fact was made.

5. Covenants

The Merger Agreement contains a number of covenants that relate to, among other things:

- interim operations;
- Acquisition Proposals and change in recommendation;
- the Proxy Statement and the Special Meeting;
- approval of sole stockholder of PPL Merger Sub Inc.;
- cooperation and efforts to consummate;
- access and reports;
- AIM delisting and cancellation of the Company Depository Interests;
- publicity;
- employee benefits;

- expenses;
- indemnification and D&O Insurance;
- takeover statutes and stockholders rights agreement;
- stockholder litigation; and
- consents under agreements.

6. Governing Law and Jurisdiction

The Merger Agreement is governed by and shall be construed and enforced in accordance with the laws of the State of Delaware, without giving effect to any conflict of law provision that would cause the application of the laws of any other jurisdiction.

Each party to the Merger Agreement has agreed that any action or proceeding arising in connection with any dispute, controversy or claim relating to the Merger Agreement or the transactions contemplated by the Merger Agreement will be brought exclusively in the Court of Chancery of the State of Delaware, or if (and only if) such court finds it lacks subject matter jurisdiction, the Superior Court of the State of Delaware (Complex Commercial Division); provided, that if subject matter jurisdiction over the matter that is the subject of the action or proceeding is vested exclusively in the federal courts of the United States of America, such action or proceeding shall be heard in the United States District Court for the District of Delaware and any appellate court from any thereof (the "**Chosen Courts**") and, solely in connection with such claims, (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (ii) waives any objection to the laying of venue in any such action or proceeding in the Chosen Courts, (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any party to the Merger Agreement and (iv) agrees that mailing of process or other papers in connection with any such action or proceeding in the manner provided in the Merger Agreement or in such other manner as may be permitted by Law shall be valid and sufficient service thereof.

7. Expenses

Subject to the termination fees described above, all costs and expenses incurred in connection with the Acquisition, whether or not the Acquisition is consummated, shall be paid by the party incurring such costs and expenses.

8. Indemnification and Insurance

Pursuant to the Merger Agreement, Exaktera and PPL Merger Sub Inc. agree to cause the Company (as the Surviving Corporation) to honour all rights to indemnification, advancement of expenses and exculpation by the Company now existing in favour of each Person who is now, or has been at any time prior to the date hereof or who becomes prior to the Effective Time, an officer or Director of the Company and its Subsidiaries. The Company will obtain and fully pay the premium for "tail" insurance policies for the extension of (i) the directors' and officers' liability coverage of the Company's existing directors' and officers' insurance policies and (ii) the Company's existing fiduciary liability insurance policies for a claims reporting or discovery period of six (6) years from and after the Effective Time.

The Company's Chief Executive Officer, Timothy P. Losik, has agreed to personally indemnify Exaktera for an amount not to exceed $341,362.00 for indemnification claims that are made within 12 months after closing for damages resulting from breaches of certain representations and warranties in excess of $50,000, which amounts are to be held withheld from Mr. Losik's transaction

proceeds and held in escrow with a third-party escrow agent. No other stockholder shall be held liable for indemnification claims.

9. Special Meeting

The Company has agreed, subject to the provisions of the Merger Agreement, to take all action required under the DGCL and its organisational documents to duly convene a Special Meeting of the Stockholders promptly following the mailing of the Proxy Statement, and in any event with 30 calendar days after the date of the Merger Agreement, for the purpose of obtaining the Stockholder Approval and shall not postpone or adjourn such meeting except to the extent required by Law or, if as of the time for which the Special Meeting is originally scheduled (as set forth in the Proxy Statement) there are insufficient shares of Company Common Stock represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of the Special Meeting or if holders of an insufficient number of shares of Company Common Stock have delivered proxies voting in favour of the Resolutions.

Except in the case of a Change in Recommendation, Exaktera may require the Company to, and if so required the Company shall, adjourn or postpone the Special Meeting if, as of the time for which such meeting is originally scheduled, there are insufficient shares of Company Common Stock represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of such meeting or if on the date of such meeting the Company has not received proxies representing a sufficient number of shares of Company Common Stock necessary to obtain the Stockholder Approval. Notwithstanding the foregoing, this requirement shall not apply to the extent that a meeting of the Stockholders in connection with the Acquisition is not required by Delaware law or the AIM Rules for Companies as published by the London Stock Exchange.

PART 2

APPRAISAL RIGHTS

Under Section 262 of the General Corporation Law ("**DGCL**") of the State of Delaware, holders of shares of Company Common Stock who do not vote in favor of the adoption of the Merger Agreement and who otherwise follow the procedures set forth in Section 262 will be entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the "fair value" of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, as determined by the Delaware Court of Chancery, together with interest, if any, as determined by the Court, on the amount determined to be the fair value. Stockholders electing to exercise appraisal rights must comply with the provisions of Section 262 of the DGCL in order to perfect their rights. Strict compliance with the statutory procedures is required to perfect appraisal rights under Delaware law.

The following is intended as a summary of the material provisions of the Delaware statutory procedures required to be followed by a Stockholder in order to exercise their appraisal rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Section 262 of the DGCL, the full text of which appears in Annex A to the Proxy Statement. Failure to precisely follow any of the statutory procedures set forth in Section 262 of the DGCL will result in the loss or waiver of your appraisal rights. All references in this summary to a "Stockholder" are to the record holder of Company Common Stock unless otherwise indicated. Underlying beneficial holders of any shares of Company Common Stock wishing to exercise their appraisal rights should promptly contact the record holder of their shares in order to ensure that they comply with the procedures set forth in Section 262 of the DGCL. A Depositary Interest holder who wishes to elect to demand appraisal should allow sufficient time to effect necessary arrangements to withdrawal from the Depositary Interest service to become a Stockholder in order to exercise their appraisal rights of the Common Stock that they hold.

Under Section 262 of the DGCL, if a merger for which appraisal rights are provided is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, shall notify each of its stockholders who was such on the record date for notice of such meeting with respect to shares for which appraisal rights are available that appraisal rights are available for any or all of the shares of the constituent corporation, and shall include in such notice a copy of Section 262 of the DGCL. The Proxy Statement constitutes our notice to the Company's Stockholders of the availability of appraisal rights in connection with the Acquisition in compliance with the requirements of Section 262 of the DGCL and a copy of the full text of Section 262 of the DGCL is attached hereto as Annex A. If you wish to consider exercising your appraisal rights, you should carefully review the text of Section 262 of the DGCL contained in Annex A to the Proxy Statement since failure to timely and properly comply with the requirements of Section 262 of the DGCL will result in the loss of your appraisal rights under the DGCL. Moreover, because of the complexity of the procedures for exercising the right to seek appraisal of shares of Company Common Stock, the Company believes that if a stockholder considers exercising such rights, such stockholder should seek the advice of legal counsel.

If you elect to demand appraisal of your shares, you must satisfy each of the following conditions:

- You must deliver to the Company a written demand for appraisal of your shares before the on the adoption of the Merger Agreement at the Special Meeting. This written demand for appraisal is separate from any proxy or vote abstaining from or voting against the approval of the Merger Agreement, and voting against or failing to vote for the adoption of the Merger Agreement by itself does not constitute a demand for appraisal within the meaning of Section 262 of the DGCL. The demand must reasonably inform the Company of the identity of the Stockholder and the intention of the Stockholder to demand appraisal of his, her or its shares. A Stockholder's failure to make a

written demand before the vote on the adoption of the Merger Agreement will constitute a waiver of appraisal rights.

- You must not vote in favour of the approval of the Merger Agreement. A vote in favour of the approval of the Merger Agreement, including by proxy submitted by mail or in person, will constitute a waiver of your appraisal rights in respect to such shares so voted and will nullify any previously filed written demands for appraisal. A proxy which does not contain voting instructions will, unless revoked, be voted in favour of the approval of the Merger Agreement and will constitute a waiver of such Stockholder's right of appraisal. Therefore, a Stockholder who submits voting instructions by proxy and who wishes to exercise appraisal rights must affirmatively submit voting instructions, directing that such Stockholders' shares be voted "AGAINST" or "ABSTAIN" with respect to the vote on the adoption of the Merger Agreement.
- You must continue to hold your Company Common Stock from the date of making the demand through the Effective Date of the Acquisition. Therefore, a Stockholder who is the record holder of Company Common Stock on the date the written demand for appraisal is made but who thereafter transfers the shares before the Effective Date of the Acquisition will lose any right to appraisal with respect to such shares.
- You or the Surviving Corporation must file a petition in the Delaware Court of Chancery requesting a determination of the fair value of the shares of Company Common Stock within 120 days after the Effective Date of the Acquisition. The Surviving Corporation is under no obligation to file any petition and has no present intention of doing so.

If you fail to comply with any of these conditions and the Acquisition is completed, you will be entitled to receive the Acquisition Price, but you will have no appraisal rights with respect to your Company Common Stock.

All demands for appraisal pursuant to Section 262 of the DGCL should be addressed to the Company in care of the Secretary, Thomas B. Rosedale at 380 Washington Street, 2nd Floor, Wellesley, Massachusetts 02481, United States, must be delivered before the vote on the Merger Agreement is taken at the Special Meeting and should be executed by, or on behalf of, the record holder of the shares of Company Common Stock. Beneficial owners of shares of Company Common Stock who desire to demand appraisal rights and who do not also hold such shares of record must have the registered holder, such as a broker, bank or other nominee, submit the required demand in respect of those shares. If shares of Company Common Stock are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of a demand for appraisal should be made in that capacity, and if the shares of Company Common Stock are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including an authorized agent for two or more joint owners, may execute the demand for appraisal on behalf of a holder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, he or she is acting as agent for the record owner. In the event a record owner, such as a broker, who holds shares of Company Common Stock as a nominee for others, exercises his, her or its right of appraisal with respect to Company Common Stock held for one or more beneficial owners, while not exercising this right for other beneficial owners, the written demand should state the number of shares of Company Common Stock as to which appraisal is sought. Where no number of shares is expressly mentioned, the demand will be presumed to cover all shares held in the name of the record owner. If you hold your shares of Company Common Stock in a brokerage account or in other nominee form and you wish to exercise appraisal rights, you should consult with your broker or the other nominee to determine the appropriate procedures for the making of a demand for appraisal by the nominee.

Within 10 days after the Effective Date of the Acquisition, the Surviving Corporation (i.e., the Company) must give written notice that the Acquisition has become effective to each Stockholder who has properly made a written demand for appraisal and who did not vote in favour of the adoption of the Merger Agreement. At any time within 60 days after the Effective Date of the Acquisition, any Stockholder who has demanded an appraisal, and who has not commenced an appraisal proceeding or joined that proceeding as a named party, has the right to withdraw such Stockholder's demand for appraisal and accept the Acquisition Price specified by the Merger Agreement for his or her Company Common Stock; after this period, the Stockholder may withdraw such demand for appraisal only with the consent of the Surviving Corporation. Once commenced, no appraisal proceeding in the Delaware Court of Chancery will be dismissed as to any Stockholder without the approval of the Delaware Court of Chancery, and such approval may be conditioned upon such terms as the Court deems just; provided, however, that any Stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal and accept the Acquisition Price offered pursuant to the Merger Agreement within 60 days after the Effective Date of the Acquisition. If the Surviving Corporation does not approve a request to withdraw a demand for appraisal when that approval is required, or, except with respect to any Stockholder who withdraws such Stockholder's right to appraisal in accordance with the proviso in the immediately preceding sentence, if the Delaware Court of Chancery does not approve the dismissal of an appraisal proceeding, the Stockholder will be entitled to receive only the appraised value determined in any such appraisal proceeding, which value could be less than, equal to or more than the consideration being offered pursuant to the Merger Agreement.

Within 120 days after the Effective Date of the Acquisition, any Stockholder who has complied with Section 262 of the DGCL will, upon written request to the Surviving Corporation, be entitled to receive a written statement setting forth the aggregate number of shares not voted in favour of the adoption of the Merger Agreement and with respect to which demands for appraisal rights have been received and the aggregate number of holders of such shares. A person who is the beneficial owner of Company Common Stock held in a voting trust or by a nominee on behalf of such person may, in such person's own name, request from the Company the statement described in the previous sentence. Such written statement will be mailed to the requesting Stockholder within 10 days after such written request is received by the Surviving Corporation or within 10 days after expiration of the period for delivery of demands for appraisal, whichever is later. Within 120 days after the Effective Date, but not thereafter, either the Surviving Corporation or any Stockholder who has complied with the requirements of Section 262 of the DGCL and who is otherwise entitled to appraisal rights may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares held by all Stockholders entitled to appraisal. A person who is the beneficial owner of shares of Company Common Stock held in a voting trust or by a nominee on behalf of such person may, in such person's own name, file the petition described in the previous sentence. Upon the filing of the petition by a Stockholder, service of a copy of such petition shall be made upon the Company, as the Surviving Corporation. The Surviving Corporation has no obligation to file such a petition. Accordingly, the failure of a Stockholder to file such a petition within the period specified could nullify the Stockholder's previously written demand for appraisal. There is no present intent on the part of the Company to file an appraisal petition, and Stockholders seeking to exercise appraisal rights should not assume that the Company will file such a petition or that the Company will initiate any negotiations with respect to the fair value of such shares. Accordingly, Stockholders who desire to have their shares appraised should initiate any petitions necessary for the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262 of the DGCL.

If a petition for appraisal is duly filed by a Stockholder and a copy of the petition is delivered to the Surviving Corporation, the Surviving Corporation will then be obligated, within 20 days after receiving service of a copy of the petition, to file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all Stockholders who have demanded payment for their

shares and with whom agreements as to the value of their shares have not been reached by the Surviving Corporation. The Register in Chancery, if so ordered by the Delaware Court of Chancery, must give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the Surviving Corporation and to the Stockholders shown on the list at the addresses therein stated. Such notice must also be given by one or more publications at least one week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Delaware Court of Chancery deems advisable. The forms of the notices by mail and by publication must be approved by the Delaware Court of Chancery, and the costs thereof will be borne by the Surviving Corporation. At the hearing on such petition, the Delaware Court of Chancery will determine the Stockholders who have complied with Section 262 of the DGCL and who have become entitled to appraisal rights. The Delaware Court of Chancery may require the Stockholders who have demanded appraisal for their shares and who hold stock represented by certificates to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; if any Stockholder fails to comply with that direction, the Delaware Court of Chancery may dismiss the proceedings as to that Stockholder.

After determination of the Stockholders entitled to appraisal of their shares of Company Common Stock, the appraisal proceeding shall be conducted in accordance with the rules of the Delaware Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding, the Delaware Court of Chancery will appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the Acquisition, together with interest, if any, on the amount determined to be the fair value (or, in certain circumstances described below, on the difference between the amount determined to be fair value and the amount paid by the Surviving Corporation to each Stockholder entitled to appraisal prior to the entry of judgment in the appraisal proceeding). Unless the Delaware Court of Chancery in its discretion determines otherwise for good cause shown, and except as otherwise provided in Section 262, interest from the Effective Date of the Acquisition through the date of payment of the judgment will be compounded quarterly and will accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the Effective Date of the Acquisition and the date of payment of the judgment. Notwithstanding the foregoing, at any time before the entry of judgment in the proceedings, the Surviving Corporation may pay to each Stockholder entitled to appraisal an amount in cash, in which case interest shall accrue thereafter only upon the sum of (1) the difference, if any, between the amount paid and the fair value of the shares as determined by the Delaware Court of Chancery, and (2) interest theretofore accrued, unless paid at that time. The Company and Exaktera have made no determination as to whether such a payment may be made if the Acquisition is consummated, and the Company reserves the right to make such a payment upon the consummation of the Acquisition.

Upon application by the Surviving Corporation or by any Stockholder entitled to participate in the appraisal proceeding, the Delaware Court of Chancery may, in its discretion, proceed to trial upon the appraisal before the final determination of the Stockholders entitled to an appraisal. Any Stockholder whose name appears on the list filed by the Surviving Corporation and who has submitted such Stockholder's certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that such Stockholder is not entitled to appraisal rights under Section 262 of the DGCL. When the fair value is determined, the Delaware Court of Chancery will direct the payment of such value, with interest thereon as determined in accordance with the immediately preceding paragraph, if any, by the Surviving Corporation to the Stockholders entitled to receive the same, in the case of holders of uncertificated stock forthwith, and in the case of holders of shares represented by certificates upon the surrender to the Surviving Corporation of the certificates representing such stock.

In determining the fair value of Company Common Stock, the Delaware Court of Chancery is required to take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Delaware Supreme Court discussed

the factors that could be considered in determining fair value in an appraisal proceeding, stating that "proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court" should be considered, and that "fair price obviously requires consideration of all relevant factors involving the value of a company."

The Delaware Supreme Court has stated that in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that could be ascertained as of the date of the Acquisition that throw any light on future prospects of the merged corporation. Section 262 of the DGCL provides that fair value is to be "exclusive of any element of value arising from the accomplishment or expectation of the merger." In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a "narrow exclusion that does not encompass known elements of value," but rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court also stated that "elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered."

You should be aware that the fair value of your shares of Company Common Stock as determined under Section 262 of the DGCL could be more than, the same as, or less than the value that you are entitled to receive under the terms of the Merger Agreement. Although the Company believes that the merger consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Delaware Court of Chancery.

Moreover, we do not anticipate offering more than the per share Acquisition Price to any Stockholder exercising appraisal rights and reserve the right to assert, in any appraisal proceeding, that, for purposes of Section 262 of the DGCL, the "fair value" of one share of Company Common Stock is less than the per share Acquisition Price. The Delaware courts have stated that the methods which are generally considered acceptable in the financial community and otherwise admissible in court may be considered in the appraisal proceedings. In addition, the Delaware courts have decided that the statutory appraisal remedy, depending on factual circumstances, may or may not be a dissenting stockholder's exclusive remedy.

Costs of the appraisal proceeding may be imposed upon the Surviving Corporation and the Stockholders participating in the appraisal proceeding by the Delaware Court of Chancery as the Court deems equitable in the circumstances. Upon the application of a Stockholder, the Delaware Court of Chancery may order all or a portion of the expenses incurred by any Stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts, to be charged *pro rata* against the value of all shares entitled to appraisal. Any Stockholder who had demanded appraisal rights will not, after the Effective Date, be entitled to vote shares subject to that demand for any purpose or to receive payments of dividends or any other distribution with respect to those shares, other than with respect to dividends or other distributions payable to Stockholders of record before the Effective Date. If no petition for appraisal is filed within 120 days after the Effective Date of the Acquisition, or if the Stockholder delivers a written withdrawal of his, her or its demand for appraisal and an acceptance of the terms of the Acquisition within 60 days after the Effective Date of the Acquisition or thereafter with the written approval of the Company, then the right of that Stockholder to appraisal will cease. No appraisal proceeding in the Delaware Court of Chancery will be dismissed as to any Stockholder without the prior approval of the Court, and such approval may be conditioned upon such terms as the Delaware Court of Chancery deems just; provided, however, that any Stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party will maintain the right to withdraw its demand for appraisal and to accept the Acquisition Price that such holder would have received pursuant to the Merger Agreement within 60 days after the Effective Date of the Acquisition.

Failure to comply strictly with all of the procedures set forth in Section 262 of the DGCL will result in the loss of a Stockholder's statutory appraisal rights. In view of the complexity of Section 262 of the DGCL, Stockholders who may wish exercise their appraisal rights should consult their legal advisers.

PART 3

TAX

SECTION A: UNITED KINGDOM TAX CONSEQUENCES

The following paragraphs are intended as a general guide only and are based on current UK law and HM Revenue and Customs' published practice (**which may not be binding on HM Revenue and Customs and is subject to change, possibly with retrospective effect**) **and are not exhaustive**. **They summarise advice received by the Company Directors as to the position of Stockholders who** (**unless the position of non-UK-resident Stockholders is expressly referred to**) **are resident** (**and, in the case of individuals, domiciled**) **exclusively in the UK for tax purposes**, **who are the absolute beneficial owners of their Company Common Stock (which expression in this Part 3 Section A shall, unless the context so requires, include a Depository Interest) and who hold their Company Common Stock as an investment**. **The discussion does not address all possible tax consequences relating to an investment in Company Common Stock**. **Certain Stockholders, such as dealers in securities**; **Stockholders who have (or are deemed to have) acquired Company Common Stock in connection with an office or employment; Stockholders that, either alone or together, with one or more associated persons, such as personal trusts and connected persons, control directly or indirectly at least 10% of the voting rights or of any class of share capital of the Company; Stockholders that are exempt from taxation; insurance companies, and collective investment vehicles may be taxed differently and are not considered**.

IF YOU ARE IN ANY DOUBT AS TO YOUR TAX POSITION OR YOU ARE SUBJECT TO TAX IN A JURISDICTION OUTSIDE THE UK, **YOU SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER WITHOUT DELAY**.

Taxation of Chargeable Gains

Liability to UK taxation of chargeable gains will depend on the individual circumstances of a Stockholder. The sale by a Stockholder of his, her or its Company Common Stock for cash under the Acquisition will constitute a disposal of that Company Common Stock for the purposes of UK taxation of chargeable gains. Such a disposal may give rise to a liability to UK tax on chargeable gains depending on the Stockholder's circumstances (including the availability of exemptions, reliefs or other allowable losses, but subject to applicable restrictions). Any chargeable gain or allowable capital loss will be calculated by reference to the disposal of the relevant Company Common Stock for the Acquisition Price by that Stockholder, and the acquisition cost of that Company Common Stock, subject to indexation for corporate Stockholders (see below).

UK-resident Individual Stockholders

The applicable rate of UK capital gains tax payable by an individual Stockholder on a chargeable gain arising on a disposal of Company Common Stock will be determined by the individual Stockholder's amount of taxable income, subject to the availability of any exemptions or reliefs. Individual Stockholders who are higher rate or additional rate taxpayers will generally pay capital gains tax at 20%, and other individual Stockholders will generally pay capital gains tax at 10%.

Allowable capital losses may generally be used to offset other current year chargeable gains of an individual Stockholder and otherwise carried forward to offset chargeable gains of subsequent tax years.

UK-resident corporate Stockholders

For Stockholders within the charge to UK corporation tax who realise a chargeable gain on a disposal of Company Common Stock, the main rate of UK corporation tax is currently 19%, subject to the availability of any exemptions or reliefs. Indexation allowance on the acquisition cost of Company Common Stock may

be available for corporate Stockholders. Indexation allowance increases the acquisition cost of an asset (incurred prior to 1 January 2018) for tax purposes in line with the rise in the retail prices index (up to December 2017) and thus may reduce the amount of the chargeable gain on disposal of the asset. Indexation allowance cannot be used to create or increase an allowable loss.

Allowable capital losses may generally be used to offset other current period chargeable gains of a Stockholder within the charge to UK corporation tax and, subject to any applicable restrictions, otherwise carried forward to offset chargeable gains of subsequent periods of account.

Non-UK-resident stockholders

A Stockholder who is not UK resident will not generally be subject to UK tax on a gain arising on the disposal of Company Common Stock.

An individual Stockholder who acquires Company Common Stock while a UK resident, ceases to be resident for tax purposes in the UK for a period of five years or less and disposes of all or part of his Company Common Stock during the period in which he is a non-UK resident may be liable to capital gains tax on his return to the UK, where that Stockholder was a UK resident for all or part of at least four of the seven tax years immediately preceding the year of departure from the UK (subject to any available exemptions or reliefs). For these purposes, a tax year is the period from 6 April in a calendar year to 5 April in the following calendar year.

Stamp Duty and Stamp Duty Reserve Tax ("**SDRT**")

No UK stamp duty or UK SDRT will be payable by a Stockholder on the cancellation of its Company Common Stock as a result of the Acquisition.

SECTION B: US INCOME TAX CONSEQUENCES

The following discusses certain US federal income tax consequences of receiving the Acquisition Price in exchange for Company Common Stock in the Merger. This discussion is based upon the Internal Revenue Code of 1986, as amended ("**Code**"), applicable US Treasury regulations, administrative pronouncements and judicial decisions in effect on the date of the Proxy Statement, all of which are subject to change, with possible retroactive effect. The discussion is for general information only and does not purport to consider all aspects of US Federal income taxation that may be relevant to Stockholders.

The US Federal income tax consequences of a Stockholder depends on several factors, including, without limit, (a) whether Company Common Stock is a capital asset in the hands of that Stockholder, (b) that Stockholder's status as a taxpayer for US Federal income tax purposes, (c) whether that Stockholder holds vested rights to that Common Stock, and (d) whether that Stockholder is a United States Person for US Federal income tax purposes.

Each Stockholder is advised to consult the Stockholder's tax adviser as to the tax consequences to such Stockholder of the proposed transaction for all tax purposes, including all taxes Federal, state, **local and foreign tax laws and possible tax law changes**.

United States Persons

The following discusses tax issues to Stockholders who are United States Persons for US Federal income tax purposes.

Exchange of Company Common Stock. The exchange of Company Common Stock for the Acquisition Price in the Merger will generally be a taxable transaction for US federal income tax purposes. A US Holder will be treated as receiving the Acquisition Price in exchange for the disposition of such US Holder's Company Common Stock. A Stockholder's income from that taxable transaction, if any, will generally be measured by the positive difference between the Acquisition Price and the Stockholder's adjusted tax basis for that Common Stock immediately before the transaction. Gains that qualify as capital gains may be subject to tax at preferential rates for US federal income tax purposes. In addition, gain may be subject to a "net investment income tax" for US federal income tax purposes.

Information Reporting and Backup Withholding. Information statements will be provided to Stockholders who are United States Persons whose shares are acquired by Exaktera. Copies of those statements will be sent to the IRS. Each statement will report the payment of the total Acquisition Price (except with respect to US Holders that are exempt from the information reporting rules, such as corporations).

Payments of the Acquisition Price to a Stockholder who is a United States Person may be subject to backup federal income tax withholding unless that Stockholder notifies the Paying Agent of the Stockholder's correct taxpayer identification number (employer identification number or social security number) and provide certain other information by completing, under penalties of perjury, the documents included in the Letter of Transmittal. Amounts withheld under the backup withholding regime will be allowed as a refund or credit against that Stockholder's US federal income tax liability provided the appropriate information is timely furnished to the IRS.

The federal income tax discussion set forth above is included for general information only. **Each US Holder is urged to consult the US Holder's own tax adviser to determine the particular tax consequences to him or her** (**including the applicability and effect of the constructive ownership rules and estate and gift taxes**, **foreign**, **state and local taxes and possible tax law changes**) **of the sale of shares pursuant to the Acquisition**.

Tax Consequences to Non-Resident Aliens

Exchange of Company Common Stock

This discussion addresses gain realized by a Stockholder who is a non-resident alien for US Federal income tax purposes. Gain realized by any such person on the sale of Company Common Stock generally will not be US source income for US Federal income tax purposes. As such, it generally will not be subject to US income tax. There are exceptions to this general rule. To the extent that exceptions apply, payments to a Stockholder that is a non-resident alien for US Federal income tax purposes may be subject to withholding taxes.

Each Stockholder who is a non-resident alien for US federal income tax purposes is advised to consult its tax advisors to determine the particular tax consequences to him or her for US Federal income tax purposes, for purposes of taxes applying in the country in which that that Stockholder is resident, and for US state and local tax purposes as well.

PART 4

DEFINITIONS

The following definitions apply throughout the Proxy Statement, unless the context otherwise requires:

"**£**" or "**sterling**"	Pounds Sterling, the lawful currency of the United Kingdom and reference to "pence" and "p" shall be construed accordingly;
"**$**" or "**USD**"	US dollars, the lawful currency of the United States of America and reference to "cents" shall be construed accordingly;
"**€**"	Euro, the lawful currency of the European union;
"**Acquisition Price**"	$0.117 in cash per share (which equates to £0.087 as of the date of the Merger Agreement);
"**Acquisition Proposal**"	any inquiry, proposal, or offer from, or indication of interest in making a proposal or offer by, any Person or group (other than Exaktera and its Subsidiaries, including PPL Merger Sub Inc.), relating to any transaction or series of related transactions (other than the transactions contemplated by the Merger Agreement), involving any: (a) direct or indirect acquisition of assets of the Company or its Subsidiaries (including any voting equity interests of Subsidiaries, but excluding sales of assets in the ordinary course of business) equal to 15% or more of the fair market value of the Company's and its Subsidiaries' consolidated assets or to which 15% or more of the Company's and its Subsidiaries' net revenues or net income on a consolidated basis are attributable; (b) direct or indirect acquisition of 15% or more of the voting equity interests of the Company or any of its Subsidiaries whose business constitutes 15% or more of the consolidated net revenues, net income, or assets of the Company and its Subsidiaries, taken as a whole; (c) tender offer or exchange offer that if consummated would result in any Person or group (as defined in Section 13(d) of the Exchange Act) beneficially owning (within the meaning of Section 13(d) of the Exchange Act) 15% or more of the voting power of the Company; (d) merger, consolidation, other business combination, or similar transaction involving the Company or any of its Subsidiaries, pursuant to which such Person or group (as defined in Section 13(d) of the Exchange Act) would own 15% or more of the consolidated net revenues, net income, or assets of the Company, and its Subsidiaries, taken as a whole; (e) liquidation, dissolution (or the adoption of a plan of liquidation or dissolution), or recapitalization or other significant corporate reorganization of the Company or one or more of its Subsidiaries which, individually or in the aggregate, generate or constitute 15% or more of the consolidated net

	revenues, net income, or assets of the Company and its Subsidiaries, taken as a whole; or (f) any combination of the foregoing.
"**Acquisition**" or "**Merger**"	the recommended acquisition of the Company by Exaktera at the Acquisition Price in cash through the merger of PPL Merger Sub Inc. with and into the Company pursuant to the laws of the State of Delaware and the terms of the Merger Agreement, with the Company being the surviving corporation;
"Affiliate"	when used with respect to any party, shall mean any Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by, or is under common Control with, the Person specified;
"**AIM Rules**"	the AIM Rules for Companies as published by the London Stock Exchange from time to time;
"**AIM**"	AIM, the market of that name operated and regulated by the London Stock Exchange;
"Alternative Acquisition Agreement"	any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement (other than a confidentiality agreement referred to in Section 6.2(b) of the Merger Agreement entered into in compliance with Section 6.2(b) of the Merger Agreement) relating to any Acquisition Proposal;
"**Board**" or **"Company Board"**	the Board of Directors of the Company;
"**Business Day**"	any day ending at 11:59 p.m. (New York time) other than a Saturday or Sunday or a day on which banks in the City of New York or London or the Department of State of the State of Delaware is required or authorized by Law to close;
"**Change in Recommendation**"	if the Board or any committee thereof: (i) withholds, withdraws, qualifies or modifies (or publicly proposes or resolves to withhold, withdraw, qualify or modify) the Company Recommendation with respect to the Merger in a manner adverse to Exaktera; (ii) approves or recommends, or publicly declares advisable or publicly proposes to enter into, any Alternative Acquisition Agreement; (iii) fails to recommend against acceptance of any tender offer or exchange offer for the shares of Company Common Stock within ten (10) Business Days after commencement of such offer, (iv) at any time following receipt of an Acquisition Proposal, fails to reaffirm its recommendation of the Merger Agreement and the Merger as promptly as practicable (but in any event within five Business Days) after receipt of any written request to do so from Exaktera; (v) makes any public statement inconsistent with the Company Recommendation;

	or (vi) resolves or agrees to take any of the foregoing actions;
"Chosen Courts"	the United States District Court for the District of Delaware and any appellate court from any thereof;
"Closing Date" or "**Closing**"	unless otherwise mutually agreed in writing between the Company and Exaktera, the fifth Business Day following the day on which the last to be satisfied or waived of the Conditions (other than any Conditions that by their nature are to be satisfied at closing) have been satisfied or waived;
"**Code**"	Internal Revenue Code of 1986, as amended;
"**Company Common Stock**"	The Company's common stock, par value $0.001 per share;
"**Company Recommendation**"	the Board unanimously determining that the Merger is fair to, and in the best interests of, the Company and its Stockholders, approving and declaring advisable the Merger Agreement and the Merger and the other transactions contemplated by the Merger Agreement and resolving to recommend approval of the Merger Agreement to the holders of shares of Company Common Stock and the delisting from AIM;
"**Company**"	Prophotonix Limited, a Delaware Corporation;
"**Conditions**"	the conditions to the Acquisition set out in the Merger Agreement and summarised in Part 1 of the Proxy Statement;
"Control"	the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise;
"**CREST**"	a relevant system (as defined in the Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations);
"D&O Insurance"	means directors' and officers' liability insurance and fiduciary liability insurance;
"Delisting"	the cancellation of the admission of the Company Common Stock to trading on AIM;
"Delisting Approval"	the affirmative vote in favour of the Delisting Resolution by at least 75% of the votes cast at the meeting;
"Delisting Resolution"	the resolution to be proposed at the Special Meeting to approve the Delisting;
"Depository"	Computershare Investor Services PLC
"**Depository Interests**" or "**DI**"	interests which represent Company Common Stock (which are held by Computershare Investor Services PLC in exchange for the issue of a

	dematerialised depository interest representing Company Common Stock and which are held on trust for the holders of such interests) and are tradable through CREST;
"**DGCL**"	General Corporation Law of the State of Delaware;
"**DI holders**"	holders of Company Depository Interests;
"**Director**" or "**Company Director**"	a director of the Company;
"**Effective Date**"	the date on which the Acquisition becomes effective in accordance with its terms;
"Effective Time"	the time when the Certificate of Merger has been duly filed with the Secretary of State of the State of Delaware or at such later time as may be agreed by the parties in writing and specified in the Certificate of Merger;
"**Excluded Shares**"	(i) shares of Company Common Stock owned by Exaktera, PPL Merger Sub Inc. or any other direct or indirect wholly owned Subsidiary of Exaktera, (ii) shares owned by the Company or any direct or indirect wholly owned Subsidiary of the Company, in each case not held in behalf of third parties, and (iii) shares owned by Stockholders who have properly demanded and not withdrawn a demand for, and not lost their right to, an appraisal pursuant to Section 262 of the DGCL;
"**FCA**" or "**Financial Conduct Authority**"	the UK Financial Conduct Authority;
"**Form of Instruction**"	the form of instruction for use at the Special Meeting, which accompanies the Proxy Statement;
"**Form of Proxy**"	the form of proxy for use at the Special Meetings, which accompanies the Proxy Statement;
"**FSMA**" or "**Financial Services and Markets Act"**	the Financial Services and Markets Act 2000 (as amended);
"Governmental Consents"	all authorizations, consents, orders or approvals of, or declarations, notices or filings with, or expirations of waiting periods imposed by, any Governmental Entity in connection with the Merger and the consummation of the other transactions contemplated by the Merger Agreement by the Company, Exaktera and PPL Merger Sub Inc. (except for a Certificate of Merger);
"**Governmental Entity**"	any domestic, foreign or transnational governmental, quasi-governmental, regulatory or self-regulatory authority, agency, commission, body, department or instrumentality or any court, tribunal or arbitrator or other entity or subdivision thereof or other legislative, executive or judicial entity of any nature and any corporate entity, instrumentality or subdivision of any government, military or international organization, including any state-owned or affiliated company or hospital and

	any non-governmental body that has been authorized by Law to act for a governmental body;
"**IRS**"	the US Internal Revenue Services;
"**Nutter**"	Nutter, McClennen & Fish, LLP, legal advisers to the Company;
"**Latest Practicable Date**"	15 November 2021, being the last Business Day prior to posting of the Proxy Statement;
"Law"	any federal, state, local, foreign, international or transnational law, statute, ordinance, common law, rule, regulation, standard, judgment, determination, order, writ, injunction, decree, arbitration award, treaty, agency requirement, authorization, license or permit of any Governmental Entity;
"**London Stock Exchange**"	London Stock Exchange Group plc, a public limited company incorporated in England and Wales;
"**Material Adverse Effect**"	any change, event, occurrence or effect that, individually or taken together with any other changes, events, occurrences or effects is, or would reasonably be expected to be, materially adverse to (A) the financial condition, properties, assets, liabilities, business, or results of operations of the Company and its Subsidiaries, taken as a whole or (B) the ability of the Company to timely perform its obligations hereunder or consummate the transactions contemplated hereby on a timely basis; provided, however, that none of the following shall be deemed to constitute a Material Adverse Effect: (A) changes in the economy, credit, capital, securities or financial markets in the United States or in any jurisdiction in which the Company or any of its Subsidiaries operates (including Brexit and any governmental response thereto); (B) changes that are the result of factors generally affecting the LED systems, laser modules or laser diode industries, including disruption in the global supply chain; (C) changes in United States generally accepted accounting principles ("**GAAP**") or in any Law unrelated to the Merger and of general applicability after the date of the Merger Agreement; (D) any failure by the Company to meet any internal or public projections or forecasts or estimates of revenues or earnings for any period ending prior to the Closing; provided that the exception in this clause (D) shall not prevent or otherwise affect a determination that any change, event, occurrence or effect underlying such failure (if not otherwise excluded under this definition) has resulted in, or contributed to, a Material Adverse Effect; (E) any change, event, occurrence or effect resulting from acts of war (whether or not declared), civil disobedience or insurrection, hostilities, sabotage, terrorism, military actions or

	the escalation of any of the foregoing, any hurricane, flood, tornado, earthquake or other weather or natural disaster, any outbreak of illness or other public health event (including the COVID-19 pandemic and any governmental or public health response thereto) or any other force majeure event, whether or not caused by any Person, or any national or international calamity or crisis; (F) a decline in the market price, or change in trading volume, of the shares of Company Common Stock on AIM; provided that the exception in this clause (F) shall not prevent or otherwise affect a determination that any change, event, occurrence or effect underlying such decline (if not otherwise excluded under this definition) has resulted in, or contributed to, a Material Adverse Effect; and (G) (i) the negotiation, execution, announcement, pendency or performance of the Merger Agreement or the consummation or pendency of the Transactions (other than for purposes of any representation or warranty contained in Section 4.4 of the Merger Agreement) or (ii) any action taken by the Company or its Subsidiaries that is required by the Merger Agreement or with Exaktera's written consent or at Exaktera's written request, or the failure to take any action by the Company or its Subsidiaries if that action is prohibited by the Merger Agreement to the extent Exaktera fails to give its consent thereto after a written request therefor pursuant to Section 6.1 of the Merger Agreement; provided, further that, any change, event, occurrence or effect referred to in clauses (A), (B), (C) and (E) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur if it (1) primarily relates to (or has the effect of primarily relating to) the Company and its Subsidiaries or (2) disproportionately adversely affects the Company and its Subsidiaries compared to other participants in the industries in which the Company or its Subsidiaries conduct their business (in which case, only the incremental disproportionate adverse effect may be taken into account in determining whether a Material Adverse Effect has occurred);
"**Merger Agreement**"	the Agreement and Plan of Merger, dated 10 November 2021, by and among the Company, Exaktera, and PPL Merger Sub Inc., as described in Part 1;
"Merger Approval"	the affirmative vote in favour of the Merger Resolution of a majority (greater than 50%) of the issued and outstanding shares of Company Common Stock entitled to vote thereon at the Special Meeting;

"Merger Resolution"	the resolution to be proposed at the Special Meeting to approve the Acquisition and the Merger Agreement;
"**Non-US Holder**"	any beneficial owner of Company Common Stock that is not a US Holder;
"**Notice of Special Meeting**"	the Notice of Special Meeting set out at the end of the Proxy Statement;
"Official List"	the Official List is the definitive record of whether a company's securities are officially listed in the UK;
"Order"	any Law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits consummation of the Merger or the other transactions contemplated by the Merger Agreement;
"**Outside Date**"	5:00 p.m., New York time on 11 February 2022;
"Paying Agent"	Computershare Limited;
"**Person**" or "**Persons**"	any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, Governmental Entity or other entity of any kind or nature;
"**Prospectus Rules**"	the prospectus rules of the Financial Conduct Authority made under Part VI of FSMA;
"**Proxy Statement**"	this document to be sent to Stockholders in connection with seeking the approval of the Merger Agreement, containing and setting out the terms of the Acquisition and the notice convening the Special Meeting;
"**Record Date**"	close of trading on AIM on 11 November 2021, the time and date set by the Board as the record time and date for determining the Stockholders entitled to notice of and to vote at the Special Meeting;
"**Registrar**"	Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom;
"**Regulations**"	the Uncertificated Securities Regulations 2001 (SI2001 No. 3755), as amended from time to time;
"**Regulatory Information Service**"	a service approved by the London Stock Exchange for the distribution to the public of announcements and included on the list maintained on the London Stock Exchange's website;
"**Resolutions**"	the Delisting Resolution and the Merger Resolution;
"**Special Meeting**"	the Special Meeting of the Stockholders to be held at 11:30 a.m. Eastern Time (U.S.) on 15 December 2021 at the offices of Nutter, McClennen & Fish, LLP, 155 Seaport Boulevard, Boston, Massachusetts, 02210, United States;

"**Stockholder**"	a holder of shares of Company Common Stock;
"**Stockholder Approval**"	the Delisting Approval and the Merger Approval, collectively;
"**Stockholders Outside of the United Kingdom**"	Stockholders (or nominees, custodians or trustees of Stockholders) who are resident in, or nationals or citizens of jurisdictions outside of the United States or who are citizens or residents of countries other than the United States;
"Subsidiary"	means, with respect to any Person, any other Person of which at least a majority of the securities or ownership interests having by their terms ordinary voting power to elect a majority of the board of directors or other persons performing similar functions is directly or indirectly owned or controlled by such Person and/or by one or more of its Subsidiaries;
"**Superior Proposal**"	a bona fide written Takeover Proposal (except that, for purposes of this definition, each reference in the definition of "Takeover Proposal" to "15% or more" shall be "more than 50%") that the Company Board determines in good faith (after consultation with outside legal counsel and the Company financial advisor) is more favorable from a financial point of view to the holders of Company Common Stock than the transactions contemplated by the Merger Agreement, taking into account: (a) all financial considerations; (b) the identity of the third party making such Takeover Proposal; (c) the anticipated timing, conditions (including any financing condition or the reliability of any debt or equity funding commitments) and prospects for completion of such Takeover Proposal; (d) the other terms and conditions of such Takeover Proposal and the implications thereof on the Company, including relevant legal, regulatory, and other aspects of such Takeover Proposal deemed relevant by the Company Board (including any conditions relating to financing, stockholder approval, regulatory approvals, or other events or circumstances beyond the control of the party invoking the condition); and (e) any revisions to the terms of the Agreement and the Merger proposed by Exaktera during the Superior Proposal Notice Period set forth in Section 6.4(d) of the Merger Agreement;
"**Surviving Corporation**"	the Company, as the surviving corporation in the Merger;
"**Takeover Code**"	the UK City Code on Takeovers and Mergers;
"Tax"	all federal, state, local and foreign income, windfall or other profits, franchise, net income, gross receipts, environmental, customs duty, capital stock, severances, stamp, transfer, payroll, sales,

	employment, unemployment, disability, use, property, withholding, excise (including medical device excise taxes), production, value added, escheat, unclaimed property, occupancy and other taxes, duties or assessments in the nature of a tax, together with all interest, penalties and additions imposed with respect to such amounts and any interest in respect of such penalties and additions;
"**United Kingdom**" or "**UK**"	the United Kingdom of Great Britain and Northern Ireland;
"**United States**" or "**US**"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction;
"**US Holder**"	a beneficial owner of Company Common Stock that is for US federal income tax purposes: (a) an individual citizen or resident of the United States, (b) a corporation or entity treated as a corporation for US federal income tax purposes, in each case organized in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate the income of which is subject to US federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision of the trust's administration and one or more United States persons have the authority to control all substantial decisions of the trust or if the trust has validly elected under US Treasury regulations to be treated as a United States person;
"**WH Ireland Limited**"	WH Ireland Limited, the nominated adviser and broker to the Company for the purposes of the AIM Rules.

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the Latest Practicable Date.

All the times referred to in the Proxy Statement are Eastern Times of the United States unless otherwise stated.

References to the singular include the plural and vice versa.

ANNEX A

GENERAL CORPORATION LAW OF THE STATE OF DELAWARE
§ 262. APPRAISAL RIGHTS

(a) Any stockholder of a corporation of this State who holds shares of stock on the date of the making of a demand pursuant to subsection (d) of this section with respect to such shares, who continuously holds such shares through the effective date of the merger or consolidation, who has otherwise complied with subsection (d) of this section and who has neither voted in favor of the merger or consolidation nor consented thereto in writing pursuant to § 228 of this title shall be entitled to an appraisal by the Court of Chancery of the fair value of the stockholder's shares of stock under the circumstances described in subsections (b) and (c) of this section. As used in this section, the word “stockholder” means a holder of record of stock in a corporation; the words “stock” and “share” mean and include what is ordinarily meant by those words; and the words “depository receipt” mean a receipt or other instrument issued by a depository representing an interest in 1 or more shares, or fractions thereof, solely of stock of a corporation, which stock is deposited with the depository.

(b) Appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation to be effected pursuant to § 251 (other than a merger effected pursuant to § 251(g) of this title), § 252, § 254, § 255, § 256, § 257, § 258, § 263 or § 264 of this title:

(1) Provided, however, that no appraisal rights under this section shall be available for the shares of any class or series of stock, which stock, or depository receipts in respect thereof, at the record date fixed to determine the stockholders entitled to receive notice of the meeting of stockholders to act upon the agreement of merger or consolidation (or, in the case of a merger pursuant to § 251(h), as of immediately prior to the execution of the agreement of merger), were either: (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders; and further provided that no appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the stockholders of the surviving corporation as provided in § 251(f) of this title.

(2) Notwithstanding paragraph (b)(1) of this section, appraisal rights under this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to §§ 251, 252, 254, 255, 256, 257, 258, 263 and 264 of this title to accept for such stock anything except:

a. Shares of stock of the corporation surviving or resulting from such merger or consolidation, or depository receipts in respect thereof;

b. Shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock (or depository receipts in respect thereof) or depository receipts at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 holders;

c. Cash in lieu of fractional shares or fractional depository receipts described in the foregoing paragraphs (b)(2)a. and b. of this section; or

d. Any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described in the foregoing paragraphs (b)(2)a., b. and c. of this section.

(3) In the event all of the stock of a subsidiary Delaware corporation party to a merger effected under § 253 or § 267 of this title is not owned by the parent immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Delaware corporation.

(c) Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all or substantially all of the assets of the corporation. If the certificate of incorporation contains such a provision, the provisions of this section, including those set forth in subsections (d), (e), and (g) of this section, shall apply as nearly as is practicable.

(d) Appraisal rights shall be perfected as follows:

(1) If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, shall notify each of its stockholders who was such on the record date for notice of such meeting (or such members who received notice in accordance with § 255(c) of this title) with respect to shares for which appraisal rights are available pursuant to subsection (b) or (c) of this section that appraisal rights are available for any or all of the shares of the constituent corporations, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 114 of this title. Each stockholder electing to demand the appraisal of such stockholder's shares shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of such stockholder's shares; provided that a demand may be delivered to the corporation by electronic transmission if directed to an information processing system (if any) expressly designated for that purpose in such notice. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such stockholder's shares. A proxy or vote against the merger or consolidation shall not constitute such a demand. A stockholder electing to take such action must do so by a separate written demand as herein provided. Within 10 days after the effective date of such merger or consolidation, the surviving or resulting corporation shall notify each stockholder of each constituent corporation who has complied with this subsection and has not voted in favor of or consented to the merger or consolidation of the date that the merger or consolidation has become effective; or

(2) If the merger or consolidation was approved pursuant to § 228, § 251(h), § 253, or § 267 of this title, then either a constituent corporation before the effective date of the merger or consolidation or the surviving or resulting corporation within 10 days thereafter shall notify each of the holders of any class or series of stock of such constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of such constituent corporation, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 114 of this title. Such notice may, and, if given on or after the effective date of the merger or consolidation, shall, also notify such stockholders of the effective date of the merger or consolidation. Any stockholder entitled to appraisal rights may, within 20 days after the date of giving such notice or, in the case of a merger approved pursuant to § 251(h) of this title, within the later of the consummation of the offer contemplated by § 251(h) of this title and 20 days after the date of giving such notice, demand in writing from the surviving or resulting corporation the appraisal of such holder's shares; provided that a demand may be delivered to the corporation by electronic

transmission if directed to an information processing system (if any) expressly designated for that purpose in such notice. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such holder's shares. If such notice did not notify stockholders of the effective date of the merger or consolidation, either (i) each such constituent corporation shall send a second notice before the effective date of the merger or consolidation notifying each of the holders of any class or series of stock of such constituent corporation that are entitled to appraisal rights of the effective date of the merger or consolidation or (ii) the surviving or resulting corporation shall send such a second notice to all such holders on or within 10 days after such effective date; provided, however, that if such second notice is sent more than 20 days following the sending of the first notice or, in the case of a merger approved pursuant to § 251(h) of this title, later than the later of the consummation of the offer contemplated by § 251(h) of this title and 20 days following the sending of the first notice, such second notice need only be sent to each stockholder who is entitled to appraisal rights and who has demanded appraisal of such holder's shares in accordance with this subsection. An affidavit of the secretary or assistant secretary or of the transfer agent of the corporation that is required to give either notice that such notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of determining the stockholders entitled to receive either notice, each constituent corporation may fix, in advance, a record date that shall be not more than 10 days prior to the date the notice is given, provided, that if the notice is given on or after the effective date of the merger or consolidation, the record date shall be such effective date. If no record date is fixed and the notice is given prior to the effective date, the record date shall be the close of business on the day next preceding the day on which the notice is given.

(e) Within 120 days after the effective date of the merger or consolidation, the surviving or resulting corporation or any stockholder who has complied with subsections (a) and (d) of this section hereof and who is otherwise entitled to appraisal rights, may commence an appraisal proceeding by filing a petition in the Court of Chancery demanding a determination of the value of the stock of all such stockholders. Notwithstanding the foregoing, at any time within 60 days after the effective date of the merger or consolidation, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party shall have the right to withdraw such stockholder's demand for appraisal and to accept the terms offered upon the merger or consolidation. Within 120 days after the effective date of the merger or consolidation, any stockholder who has complied with the requirements of subsections (a) and (d) of this section hereof, upon request given in writing (or by electronic transmission directed to an information processing system (if any) expressly designated for that purpose in the notice of appraisal), shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation (or, in the case of a merger approved pursuant to § 251(h) of this title, the aggregate number of shares (other than any excluded stock (as defined in § 251(h)(6)d. of this title)) that were the subject of, and were not tendered into, and accepted for purchase or exchange in, the offer referred to in § 251(h)(2)), and, in either case, with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such statement shall be given to the stockholder within 10 days after such stockholder's request for such a statement is received by the surviving or resulting corporation or within 10 days after expiration of the period for delivery of demands for appraisal under subsection (d) of this section hereof, whichever is later. Notwithstanding subsection (a) of this section, a person who is the beneficial owner of shares of such stock held either in a voting trust or by a nominee on

behalf of such person may, in such person's own name, file a petition or request from the corporation the statement described in this subsection.

(f) Upon the filing of any such petition by a stockholder, service of a copy thereof shall be made upon the surviving or resulting corporation, which shall within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, shall give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the surviving or resulting corporation and to the stockholders shown on the list at the addresses therein stated. Such notice shall also be given by 1 or more publications at least 1 week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Court deems advisable. The forms of the notices by mail and by publication shall be approved by the Court, and the costs thereof shall be borne by the surviving or resulting corporation.

(g) At the hearing on such petition, the Court shall determine the stockholders who have complied with this section and who have become entitled to appraisal rights. The Court may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Court may dismiss the proceedings as to such stockholder. If immediately before the merger or consolidation the shares of the class or series of stock of the constituent corporation as to which appraisal rights are available were listed on a national securities exchange, the Court shall dismiss the proceedings as to all holders of such shares who are otherwise entitled to appraisal rights unless (1) the total number of shares entitled to appraisal exceeds 1% of the outstanding shares of the class or series eligible for appraisal, (2) the value of the consideration provided in the merger or consolidation for such total number of shares exceeds $1 million, or (3) the merger was approved pursuant to § 253 or § 267 of this title.

(h) After the Court determines the stockholders entitled to an appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding the Court shall determine the fair value of the shares exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court shall take into account all relevant factors. Unless the Court in its discretion determines otherwise for good cause shown, and except as provided in this subsection, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. At any time before the entry of judgment in the proceedings, the surviving corporation may pay to each stockholder entitled to appraisal an amount in cash, in which case interest shall accrue thereafter as provided herein only upon the sum of (1) the difference, if any, between the amount so paid and the fair value of the shares as determined by the Court, and (2) interest theretofore accrued, unless paid at that time. Upon application by the surviving or resulting corporation or by any stockholder entitled to participate in the appraisal proceeding, the Court may, in its discretion, proceed to trial upon the appraisal prior to the final determination of the stockholders entitled to an appraisal. Any

stockholder whose name appears on the list filed by the surviving or resulting corporation pursuant to subsection (f) of this section and who has submitted such stockholder's certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that such stockholder is not entitled to appraisal rights under this section.

(i) The Court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the stockholders entitled thereto. Payment shall be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and the case of holders of shares represented by certificates upon the surrender to the corporation of the certificates representing such stock. The Court's decree may be enforced as other decrees in the Court of Chancery may be enforced, whether such surviving or resulting corporation be a corporation of this State or of any state.

(j) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney's fees and the fees and expenses of experts, to be charged pro rata against the value of all the shares entitled to an appraisal.

(k) From and after the effective date of the merger or consolidation, no stockholder who has demanded appraisal rights as provided in subsection (d) of this section shall be entitled to vote such stock for any purpose or to receive payment of dividends or other distributions on the stock (except dividends or other distributions payable to stockholders of record at a date which is prior to the effective date of the merger or consolidation); provided, however, that if no petition for an appraisal shall be filed within the time provided in subsection (e) of this section, or if such stockholder shall deliver to the surviving or resulting corporation a written withdrawal of such stockholder's demand for an appraisal and an acceptance of the merger or consolidation, either within 60 days after the effective date of the merger or consolidation as provided in subsection (e) of this section or thereafter with the written approval of the corporation, then the right of such stockholder to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery shall be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just; provided, however that this provision shall not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder's demand for appraisal and to accept the terms offered upon the merger or consolidation within 60 days after the effective date of the merger or consolidation, as set forth in subsection (e) of this section.

(l) The shares of the surviving or resulting corporation to which the shares of such objecting stockholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation.