

Sphere Medical Holding plc

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sphere Medical Holding plc (the 'Company') will be held at the offices of Taylor Wessing LLP, 5 New Street Square, London EC4A 3TW on Friday 2 June 2017 at 9.00 a.m. for the purpose of transacting the following business:

Ordinary business

As Ordinary business to consider and, if thought fit, pass the following Ordinary resolutions:

1. To receive and adopt the Directors' Report and the financial statements of the Company for the financial year ended 31 December 2016.
2. To receive the report on Directors' emoluments as set out in the Directors' Report for the year ended 31 December 2016.
3. To re-elect as a Director of the Company Dr David Martyr, who retires by rotation in accordance with the Company's articles of association, and offers himself for re-appointment.
4. To re-elect as a Director of the Company Mr Stephen H. Mahle, who retires by rotation in accordance with the Company's articles of association, and offers himself for re-appointment.
5. To re-appoint Grant Thornton UK LLP as auditors and to authorise the Directors to determine the auditors' remuneration.

Special business

As special business to consider and, if thought fit, pass resolution 6 as an Ordinary resolution and resolution 7 as a special resolution.

Ordinary resolution

6. That the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to:
 - a. allot Shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £472,526 or, if less, the nominal value of one third of the issued share capital of the Company immediately following the passing of this resolution 6;
 - b. allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £945,052, or, if less, the nominal value of two thirds of the issued share capital of the Company immediately following the passing of this resolution 6 (such amounts to be reduced by the nominal amount of any shares allotted or rights granted under paragraph (a) of this resolution 6) in connection with an offer by way of a rights issue to:
 - i. the holders of Ordinary Shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them; and
 - ii. holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors of the Company otherwise consider necessary,

and so that the Directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury Shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

These authorities shall apply in substitution for all previous authorities (but without prejudice to the validity of any allotment pursuant to such previous authority) and shall expire at the end of the next Annual General Meeting of the Company or, if earlier, 15 months after the date of this resolution, save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights granted to subscribe for or convert any security into shares after such expiry and the Directors may allot Shares or grant such rights in pursuance of any such offer or agreement as if the power and authority conferred by this resolution had not expired.

Special resolution

7. That, subject to the passing of resolution 6 above, the Directors be generally and unconditionally empowered for the purposes of section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash:
 - a. pursuant to the authority conferred by resolution 6 above; or
 - b. where the allotment constitutes an allotment by virtue of section 560(3) of the Act,in each case as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - i. the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority granted under paragraph (b) of resolution 6, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only) to:
 - a. the holders of Ordinary Shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them; and

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- b. holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors of the Company otherwise consider necessary,

and so that the Directors of the Company may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- ii. the allotment of equity securities, other than pursuant to paragraph (i) above of this resolution, up to an aggregate nominal amount of £141,757, or if less, the nominal value of 10 per cent. of the issued share capital of the Company immediately following the passing of this resolution 7.

This power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution or, if earlier, on the date 15 months after the passing of such resolution, save that the Company may before the expiry of this power make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the Directors may allot equity securities or sell treasury Shares in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

By order of the Board

Richard Wright
Company Secretary

Registered Office:

Life Sciences Hub Wales, 3 Assembly Square, Cardiff CF10 4PL

Registered in England and Wales No. 04179503

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting and at any adjournment of it. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. If a proxy appointment is submitted without indicating how the proxy should vote on any resolution, the proxy will exercise his discretion as to whether and, if so, how he votes.
2. A proxy need not be a member of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's Registrars, Equiniti on 0371 384 2030. The Equiniti overseas helpline is +44 (0)121 415 7047. Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday except UK Bank Holidays.
3. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand to the Company's Registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or via e-mail to proxy.votes@equiniti.com, in each case no later than 9:00 a.m. on 31 May 2017, together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a duly certified copy of that power or authority.
4. The return of a completed proxy form will not prevent a member attending the meeting and voting in person if he/she wishes to do so.
5. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior). If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
7. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
9. Copies of the directors' services contracts and letters of appointment will be available for inspection during normal business hours at the registered office and at the office of the company from the date of this notice (Saturdays, Sundays and public holidays excepted) until the end of the Annual General Meeting.
10. As at 25 April 2017, the Company's issued share capital consisted on 141,757,872 shares of £0.01 each carrying one vote each. None of the shares are held in treasury. Therefore the total number of voting rights in the Company as at that date was 141,757,872.

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EXPLANATORY NOTES

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 6 are proposed as Ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 7 is proposed as a special resolution. This means that for that resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Directors' Report and financial statements (Resolution 1)

The Directors of the Company must present the accounts to the meeting.

Directors' emoluments (Resolution 2)

In line with legislation, this vote will be advisory and in respect of the overall remuneration package and not specific to individual levels of remuneration. You can find the Director's emoluments within the Directors' Report of the Company's annual report and accounts.

Re-election of Directors (Resolutions 3 and 4)

The Company's articles of association require that all Directors retire at least every three years and that all newly appointed Directors retire at the first Annual General Meeting following their appointment.

At this meeting, Dr David Martyr and Mr Stephen H. Mahle will retire by rotation and stand for re-election as Directors.

A short biography of both Dr Martyr and Mr Mahle is given in the Company's Annual Report and Accounts for 2016. Having considered the performance of and contribution made by Dr Martyr and Mr Mahle, the Board remains satisfied that their performance continues to be effective and they demonstrate commitment to their roles and, as such, recommends their re-election.

Reappointment and remuneration of auditors (Resolution 5)

Resolution 5 proposes the reappointment of Grant Thornton UK LLP as auditors of the Company and authorises the Directors to set their remuneration.

Directors' authority to allot shares (Resolution 6)

The purpose of resolution 6 is to renew the Directors' authority to allot shares.

The authority in paragraph (a) will allow the Directors to allot new Shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to a nominal value of £472,526, or if less, one third of the total issued Ordinary Share capital of the Company immediately following the passing of this resolution. There is no present intention of exercising this general authority.

The authority in paragraph (b) will allow the Directors to allot new shares or to grant rights to subscribe for or convert any security into shares in the Company only in connection with a pre-emptive rights issue up to an aggregate nominal value of £945,052, or if less, two-thirds of the total issued share capital of the Company immediately following the passing of this resolution (inclusive of the nominal value sought under paragraph (a) of the resolution). This is in line with corporate governance guidelines. There is no present intention to exercise this authority.

As at the date of this notice, the Company did not hold any shares in treasury.

If the resolution is passed, the authority will expire on the earlier of 2 September 2018 (the date which is 15 months after the date of the resolution) and the end of next Annual General Meeting of the Company.

Disapplication of pre-emption rights (Resolution 7)

This resolution authorises the directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or other pre-emptive offer or the allotment is limited to a maximum nominal amount of £141,757, representing approximately 10% of the nominal value of the issued ordinary share capital of the Company as at 25 April 2017 being the latest practicable date before publication of this notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next annual general meeting of the Company or 18 months after the passing of the resolution, whichever is the earlier.

As opposed to adopting the template resolutions published by the Pre-Emption Group that formally set out restrictions on using more than 5% of the issued ordinary share capital of the Company, the Board considers it appropriate given the Company is quoted on the AIM Market of the London Stock Exchange plc to instead apply the Pre-Emption Group's Statement of Principles on Disapplying Pre-Emption Rights by confirming that it will only allot shares representing more than 5% of the issued ordinary share capital of the Company (excluding treasury shares), for cash pursuant to the authority referred to in Resolution 11, where that allotment is in connection with an acquisition or other capital investment (of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group) which is announced contemporaneously with the allotment, or which has taken place in the preceding six month period and is disclosed in the announcement of the allotment. In respect of the authority referred to in paragraph (ii) of Resolution 7, the Board also confirms its intention to follow the provisions of the Pre-Emption Group's Statement of Principles (2015) regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5% of issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders, except in connection with an acquisition or other capital investment as referred to above.

