
NOTICE OF ANNUAL GENERAL MEETING (UNAUDITED)

HORNBY PLC

(REGISTERED IN ENGLAND AND WALES WITH NUMBER 01547390)

If you have sold or otherwise transferred all of your ordinary shares in Hornby Plc, please forward this document as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through or to whom the sale or transfer was effected for transmission to the purchaser or transferee of your ordinary shares.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirty-seventh Annual General Meeting of Hornby Plc (the “**Company**”) will be held at Taylor Wessing LLP, 5 New Street Square, London, EC4A 3TW on Wednesday, 26 September 2018 at 10.00 a.m. for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 9 (inclusive) will be proposed as ordinary resolutions and numbers 10 to 13 as special resolutions.

ORDINARY RESOLUTIONS

1. To receive and adopt the Company’s Annual Report and Accounts for the financial year ended 31 March 2018 together with the Report of the Directors and Auditors.
2. To approve the Directors’ Remuneration, as set out within the Directors’ Report on pages 12 to 16 of the Company’s Annual Report and Accounts, for the financial year ended 31 March 2018.
3. To elect Lyndon Davies as a Director of the Company.
4. To elect Kirstie Gould as a Director of the Company.
5. To elect John Stansfield as a Director of the Company.
6. To re-elect James Wilson as a Director of the Company.
7. To reappoint PricewaterhouseCoopers LLP, the retiring auditors, as auditors of the Company to hold office from the conclusion of the Annual General Meeting to the conclusion of the next meeting at which accounts are laid before the Company.
8. To authorise the Directors to agree the auditors’ remuneration.
9. THAT, in place of the equivalent authority given to the Directors at the last Annual General Meeting (but without prejudice to the continuing authority of the Directors to allot shares pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made), the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “**Act**”) to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £417,537.24, provided that this authority shall expire at the conclusion of the Company’s next Annual General Meeting following the date of the passing of the resolution, but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the expiry of such period and the Directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer or agreement as if this authority had not expired.

SPECIAL RESOLUTIONS

10. That if resolution 9 is passed, the Board be authorised to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited:
 - (a) to allotments for rights issues and other pre-emptive issues; and
 - (b) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £62,630.58, such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 30 September 2019) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

11. That if resolution 9 is passed, the Board be authorised in addition to any authority granted under resolution 10 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:
- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £62,630.58; and
 - (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 30th September 2019 save that, in each case, the Company may before such expiry make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.
12. THAT the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares on such terms as the Directors think fit, and where such shares are held as treasury shares, the Company may use them for the purposes set out in section 727 of the Act, including for the purpose of its employee share schemes, provided that:
- (a) the maximum number of ordinary shares hereby authorised to be purchased is 12,526,117;
 - (b) the minimum price, exclusive of any expenses, which may be paid for an ordinary share is 1 pence;
 - (c) the maximum price, exclusive of any expenses, which may be paid for each ordinary share is an amount equal to the higher of:
 - (i) 105%, of the average of the middle market quotations for an ordinary share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
 - (ii) the amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange trading service SETS; and
 - (d) the authority hereby conferred shall, unless previously revoked or varied, expire at the conclusion of the Company's next Annual General Meeting following the date of the passing of this resolution, or, if earlier, on the expiry of 18 months from the date of the passing of this resolution (except in relation to the purchase of ordinary shares, the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry).
13. THAT a general meeting of the Company, other than annual general meetings of the Company, may be called on not less than 14 clear days' notice.

By order of the Board

K Gould

Company Secretary

Dated: 28 August 2018

Registered office:
3rd Floor,
The Gateway,
Innovation Way,
Discovery Park,
Sandwich,
Kent, CT13 9FF

Registered in England and Wales with number 01547390

EXPLANATORY NOTES ON THE RESOLUTIONS

Resolutions 1 to 9 are ordinary resolutions; resolutions 10 to 13 are special resolutions. To be passed, ordinary resolutions require more than 50% of votes cast to be in favour of the resolution whilst special resolutions require at least 75% of the votes cast to be in favour of the resolution.

Ordinary Resolutions

To receive the Annual Report and Accounts 2018

Resolution 1 is a standard resolution. The Companies Act 2006 requires the directors to lay before the Company in a general meeting the Company's annual accounts, and the directors' report and auditor's report on those accounts. The Annual Report and Accounts for the financial year ended 31 March 2018 will be available online at <http://www.hornby.plc.uk/annual-reports>.

Remuneration report

Resolution 2 seeks shareholders' approval for the Directors' Remuneration report, as set out within the Directors' Report on pages 12 to 16 of the Company's Annual Report and Accounts, for the financial year ended 31 March 2018. The vote is advisory only.

Election and re-election of directors Resolutions 3 to 6

The Articles of Association of the Company require any director of the Company, having not previously been elected by shareholders, to submit themselves for election by Shareholders. Accordingly, Resolutions 3, 4 and 5 seek approval for the election of Lyndon Davies, who was appointed as Chief Executive on 5 October 2017 and Interim Chairman on 1 January 2018, stepping down 21 August 2018, Kirstie Gould, who was appointed as Chief Financial Officer on 4 January 2018, and John Stansfield, who was appointed as a Non-Executive Director on 4 January and Non-Executive Chairman on 21 August 2018.

The Articles of Association of the Company require that one third of directors (excluding any directors who have been appointed since the last annual general meeting) retire by rotation at each annual general meeting. Accordingly, resolution 6 seeks approval for the re-election of James Wilson as a Non-Executive Director.

Biographical information for each of the directors is provided on pages 12 to 13 of the Annual Report and Accounts, for the financial year ended 31 March 2018.

The Board has no hesitation in recommending the election or re-election of the directors to shareholders. In making these recommendations, the Board confirms that it has given careful consideration to the Board's balance of skills, knowledge and experience and is satisfied that each of the directors putting themselves forward for election or re-election has sufficient time to discharge their duties effectively, taking into account their other commitments.

Re-appointment of auditors

The auditors of a company must be appointed or re-appointed at each general meeting at which the accounts are laid. Resolution 7 seeks approval to appoint PricewaterhouseCoopers LLP as the Company's auditors until the conclusion of the next general meeting of the Company at which accounts are laid.

Remuneration of auditors

Resolution 8 seeks consent for the Audit Committee to determine the remuneration of the auditors.

Directors' authority to allot shares

Resolution 9 grants the directors authority to allot shares or grant rights to subscribe for or convert securities into shares, up to a maximum aggregate nominal value of £417,537.24, which is approximately one third of the nominal value of the issued ordinary share capital of the Company as at 31 July 2018, being the latest practicable date prior to the publication of this notice. The authority will expire at the next Annual General Meeting of the Company or if earlier, at close of business on 30th September 2019. The directors have no current intention of exercising such authority and will exercise this power only when they believe that such exercise is in the best interests of the shareholders.

SPECIAL RESOLUTIONS

Disapplication of pre-emption rights

Resolutions 10 and 11 will be proposed as special resolutions. If the directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme), company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

Resolution 10 deals with the authority of the directors to allot new shares or other equity securities pursuant to the authority given by resolution 9, or sell treasury shares, for cash without the shares or other equity securities first being offered to shareholders in proportion to their existing holdings. Such authority shall only be used in connection with a pre-emptive offer, or otherwise, up to an aggregate nominal amount of £62,630.58, being approximately 5% of the total issued ordinary share capital of the Company as at 31 July 2018.

In addition, the Pre-Emption Group Statement of Principles supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities (and sales of treasury shares for cash) representing no more than a further 5% of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Pre-Emption Group's Statement of Principles defines 'specified capital investment' as meaning one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the Company, the assets, the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, and in line with the template resolutions published by the Pre-Emption Group, resolution 11 seeks to authorise the directors to allot new shares and other equity securities pursuant to the authority given by resolution 9, or sell treasury shares, for cash up to a further nominal amount of £62,630.58, being approximately 5% of the total issued ordinary share capital of the Company as at 31 July 2018, only in connection with an acquisition or specified capital investment 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 issue. If these resolutions are passed, the authorities will expire at the end of the next AGM or on 30th September 2019, whichever is the earlier.

The Board considers the authorities in resolutions 10 and 11 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a rights issue or other pre-emptive offer without the need to comply with the strict requirements of the statutory pre-emption provisions. The Board does not intend to issue more than 7.5% of the issued share capital of the Company for cash on a non pre-emptive basis in any rolling three-year period (other than in connection with an acquisition or specified capital investment as described in the Pre-Emption Group's Statement of Principles) without prior consultation with shareholders.

Authority to purchase own shares

Resolution 12 is a special resolution and seeks authority for the Company to make market purchases of its own ordinary shares up to a maximum number of 12,526,117 ordinary shares, representing approximately 10% of the issued ordinary share capital at 31 July 2018. The authority requested would expire at the end of the 2019 AGM, or if earlier, the date that is 18 months after the passing of the resolution.

In reaching a decision to purchase ordinary shares, the directors will take account of the Company's cash resources and capital and the general effect of such purchase on the Company's business. The authority would only be exercised by the directors if they considered it to be in the best interests of the shareholders generally and if the purchase could be expected to result in an increase in earnings per ordinary share.

Notice of general meetings

Resolution 13 is an annual permission request for general meetings, other than the AGM, to be called on 14 clear days' notice. There is no current intention to hold such a meeting but the directors wish to retain the ability to call a meeting on shorter notice if the circumstances should require it. The Companies (Shareholders' Rights) Regulations 2009 specify that approval must be sought from shareholders by special resolution at an annual or subsequent general meeting and the Company would need to make a means of electronic voting available to all shareholders for any general meeting called on less than 21 clear days' notice. If passed, the resolution would remain valid until the end of the 2019 AGM, at which it is intended that a similar resolution will be proposed.

GENERAL NOTES RELATING TO THE NOTICE (UNAUDITED)

1. Only holders of ordinary shares, or their duly appointed representatives, are entitled to attend, vote and speak at the AGM. A member so entitled may appoint (a) proxy/(ies), who need not be (a) member(s), to attend, speak and vote on his/her behalf. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him/her. A form of proxy is enclosed with this Notice and instructions for its completion are set out on the form.
2. Proxies may only be appointed by completing and returning the form of proxy enclosed with this Notice to the Company's Registrars, Link Asset Services PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.
3. To be valid a proxy appointment and any power of attorney or other authority, if any, under which it is signed or a duly certified copy of such power of attorney must reach the office of the Company's Registrars not less than 48 hours (excluding any part of a day which is not a working day) before the time fixed for the AGM or any adjournment thereof. Therefore, the form of proxy must be received by the Company's Registrars by 10.00 a.m. on 24 September 2018.
4. Return of the form of proxy will not preclude a member from attending the AGM and voting in person. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy to abstain on any particular resolution. However, it should be noted that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' and 'Against' a resolution. If you select 'Discretionary' or fail to select any of the options, your proxy can vote as he or she chooses or can decide not to vote. Your proxy can also do this on any other resolution that is put to the AGM. A shareholder must inform the Company's registrars in writing of any termination of the authority of a proxy.
5. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders on the register of members of the Company as at close of business on 24 September 2018 (or, if the AGM is adjourned, shareholders on the register of members not later than 48 hours (excluding any part of a day which is not a working day) before the time fixed for the adjourned meeting) are entitled to attend and/or vote at the AGM (or any adjournment thereof) in respect of the number of shares registered in their name at that time. Subsequent changes to the register of securities shall be disregarded in determining the rights of any person to attend and vote at the AGM (or any adjournment thereof).
6. 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.
7. In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the meeting so that (i) if a corporate member has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that member at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate member attends the meeting but the corporate member has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – <http://www.icsa.org.uk/> – for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.
8. You may not use any electronic address provided in this Notice or in any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

