



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), who specialises in advising on the acquisition of shares and other securities if you are resident in the UK or, if not, from another appropriately authorised independent adviser.

This document, which comprises an AIM admission document prepared in accordance with the AIM Rules for Companies, has been issued in connection with the application for admission to trading of the entire issued and to be issued ordinary share capital of the Company to trading on AIM. This document contains no offer of transferable securities to the public within the meaning of sections 85 and 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by, or filed with, the FCA or any other competent authority.

Application has been made for the ordinary share capital of the Company, issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange. It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares on 15 December 2020. The Placing Shares to be issued pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission.

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 United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors (whose names, addresses and functions appear on page 7 of this document) and the Company (whose registered office appears on page 7 of this document) accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules for Companies. To the best of 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 this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read this document in its entirety. An investment in the Company includes a significant degree of risk and prospective investors should consider carefully the risk factors set out in Part II of this document.

Abingdon Health plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 06475379)

Placing of 22,916,666 Ordinary Shares of 0.025 pence each at 96.0 pence per share

and

Admission to trading on AIM

Nominated Adviser, Sole Broker and Sole Bookrunner

N+1 SINGER

Share capital immediately following Admission

Issued and fully paid

Amount Number

Ordinary shares of 0.025p each

£23,924.78 95,699,114

N+1 Singer Advisory LLP ("**N+1 Singer**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, sole broker and sole bookrunner to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of N+1 Singer or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. N+1 Singer's responsibilities as the Company's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on N+1 Singer by the FSMA or the regulatory regime established thereunder, N+1 Singer does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. N+1 Singer accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

A copy of this document is available, subject to certain restrictions relating to persons resident in certain overseas jurisdictions, at the Company's website www.abingdonhealth.com.

PRESENTATION OF INFORMATION

1. General

The contents of this document and any subsequent communications from the Company are not to be construed as legal, business, financial or tax advice. Neither the Company, the Directors, N+1 Singer nor any of their representatives is making any representation to any offeree, subscriber for or purchaser of any Ordinary Shares regarding the legality of an investment in the Ordinary Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each prospective investor should consult their own legal adviser, business adviser, financial adviser or tax adviser for legal, business, financial or tax advice respectively, in connection with the purchase or subscription of any Ordinary Shares. In making an investment decision, each prospective investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Placing, including the merits and risks involved and whether an investment in any Ordinary Shares is suitable for them in light of their circumstances and financial resources and ability to withstand the loss of their entire investment.

Neither the delivery of this document nor any sale or subscription made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as at any time after its date.

As required by the AIM Rules for Companies, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation by prospective investors in the Placing occurs prior to Admission or if it is noted that this document contains any substantial mistake or inaccuracy. This document and any supplement thereto will be made public in accordance with the AIM Rules for Companies.

Neither the Company, nor the Directors accept any responsibility for the appropriateness, accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Placing or the Company. Neither the Company, nor the Directors make any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

2. Notice to overseas persons

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the "**US Securities Act**") and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, this document does not constitute an offer of Ordinary Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States. Outside of the United States, the Placing Shares are being offered in "offshore transactions" in reliance on Regulation S under the US Securities Act. The Ordinary Shares will not qualify for distribution under the relevant securities laws of Canada, Australia, the Republic of South Africa, New Zealand, Japan, nor has any prospectus in relation to the Ordinary Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the Ordinary Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Canada, Australia, the Republic of South Africa, New Zealand, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a "**Restricted Jurisdiction**") or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.

3. Presentation of financial information

The report on historical financial information included in Part III of this document has been prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and the related consent to its inclusion in this document appearing in Part IV of this document has been included as required by the AIM Rules for Companies and solely for that purpose.

Unless otherwise indicated, financial information in this document, including the Group's historical financial information for the 18 months ended 30 June 2018 and the years ended 30 June 2019 and 30 June 2020 has been prepared in accordance with IFRS.

4. Non-IFRS information

This document contains certain financial measures that are not defined or recognised under IFRS, including EBITDA. EBITDA results from Group operating profit adjusted for depreciation and amortisation, share-based payments and exceptional items. Information regarding EBITDA or similar measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of EBITDA or similar measures and the criteria upon which EBITDA or similar measures are based can vary from company to company. EBITDA alone does not provide a sufficient basis to compare the Company's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit, revenue or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

5. Rounding

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent.

6. Currency presentation

Unless otherwise indicated in this document, all references to:

- "Pounds Sterling" or "£" are to the lawful currency of the UK;
- "US Dollars" or "\$" are to the lawful currency of the US; and
- "€" are to the lawful currency of the member states of the EU that adopt the single currency in accordance with the Treaty establishing the European Community.

Unless otherwise indicated, the financial information contained in this document has been expressed in US Dollars. The functional currency of the Company is Pounds Sterling and the Company presents its financial statements in Pounds Sterling.

7. Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "plans", "may", "will", "could", "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the document and include statements regarding the intentions, beliefs or current expectations of the Company and the Directors concerning, among other things: (i) the

Company's objective, acquisition and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; and (ii) future implementation of active management strategies.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this document. In addition, even if the Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Prospective investors should carefully review Part II (*Risk Factors*) for a discussion of certain factors that could cause the Company's actual results to differ materially, before making an investment decision. These factors should be read in conjunction with the other cautionary statements that are included in this document. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 17 of Part IV (*Additional Information*).

Forward-looking statements contained in this document apply only as at the date of this document. Subject to any obligations under the AIM Rules for Companies or any other applicable legal or regulatory requirements, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

8. Presentation of market, economic and industry data

This document contains information regarding the Group's business and the industry in which it operates and competes, which the Company has obtained from various third-party sources. Where information contained in this document originates from a third-party source, it is identified where it appears in this document together with the name of its source. Such third-party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. All data on the diagnostic testing industry market size, forecast growth rates and trends presented in Part I of this document has been sourced from a report by Markets and Markets 'Lateral Flow Assay Market – Global Forecast to 2022'.

9. No incorporation of website information

Without limitation, the contents of the Company's website, www.abingdonhealth.com, or any website directly or indirectly linked to the Company's website do not form part of this document and prospective investors should not rely on such information.

10. Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading "Definitions".

All times referred to in this document are, unless otherwise stated, references to London time.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

11. Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "**manufacturer**" (as defined in the Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution to professional clients and eligible counterparties through all distribution channels as are permitted by MiFID II, or the "**Target Market Assessment**" (as defined in the Requirements). Notwithstanding the Target Market Assessment, Distributors should note that: the price of Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, N+1 Singer will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Placing Shares and determining appropriate distribution channels.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	<p>Dr Christopher (<u>Chris</u>) William Hand (<i>Non-Executive Chairman</i>) Chris Henry Francis Yates (<i>Chief Executive Officer</i>) Scott Andrew Page (<i>Finance Director</i>) Lyn Dafydd Rees (<i>Independent Non-Executive Director</i>) Mary Geraldine Tavener (<i>Independent Non-Executive Director</i>)</p> <p>All of whose business address is at the Company's registered and head office</p>
Registered and Head Office	<p>York Biotech Campus Sand Hutton York YO41 1LZ</p>
Company website	<p>www.abingdonhealth.com</p>
Company Secretary	<p>Scott Andrew Page</p>
Nominated Adviser, sole broker and sole bookrunner	<p>Nplus1 Singer Advisory LLP One Bartholomew Lane London EC2N 2AX</p>
Legal advisers to the Company	<p>Bristows LLP 100 Victoria Embankment London EC4Y 0DH</p>
Legal advisers to N+1 Singer	<p>Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT</p>
Auditor and reporting accountant	<p>BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL</p>
Taxation advisers to the Company	<p>PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds LS1 4DL</p>
Financial public relations advisers	<p>Consilium Strategic Communications 41 Lothbury London EC2R 7HG</p>
Registrars	<p>Link Group The Registry 34 Beckenham Road Beckenham Kent BR3 4TU</p>

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Act”	the Companies Act 2006 (as amended)
“Admission”	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules for Companies”	the AIM rules for companies published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
“Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company, whose names are set out on page 7 of this document, or any duly authorised committee thereof
“BSVL”	Bioscience Ventures Ltd
“City Code”	the City Code on Takeovers and Mergers published by the Panel from time to time
“Company” or “Abingdon Health”	Abingdon Health plc, a public limited company incorporated under the laws of England and Wales
“Concert Party”	together those shareholders in the Company deemed to be acting in concert in accordance with the City Code, further details of which can be found in paragraph 6.2 of Part IV
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
“Deferred Shares”	deferred shares of 0.025 pence each in the capital of the Company
“DTRs”	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA from time to time
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EIS”	means the enterprise investment scheme, as particularised in Part V of the Income Tax Act 2007
“EIS Relief”	relief from UK tax under EIS
“EIS/VCT Placing”	means the conditional placing of the EIS/VCT Placing Shares by N+1 Singer pursuant to the Placing Agreement
“EIS/VCT Placing Shares”	means the 4,166,666 new Ordinary Shares to be issued and allotted to VCTs and certain other persons seeking to invest in “eligible shares” for the purposes of EIS

“EMI”	enterprise management incentives, under the terms of the EMI code as defined in section 527 of the Income Tax (Earnings and Pensions) Act 2003
“Enlarged Share Capital”	the issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the Placing Shares
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales
“Executive Directors”	each of Chris Yates and Scott Page
“Existing Ordinary Shares”	the 72,782,448 Ordinary Shares in issue (assuming all the steps of the Reorganisation described in paragraph 4 of Part IV of this document have taken effect) immediately prior to Admission
“FCA”	the Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“FY18”	the 18 month period ended 30 June 2018
“FY19”	the 12 month period ended 30 June 2019
“FY20”	the 12 month period ended 30 June 2020
“Group”	the Company and its subsidiary undertakings and “Group Company” should be interpreted accordingly
“Historical Financial Information”	the audited historical financial information of the Group for the three years and six months ended 30 June 2020, as set out in Section B of Part III of this document
“HMRC”	Her Majesty’s Revenue and Customs
“IFRS”	International Financial Reporting Standards as adopted by the European Union
“Loan Notes”	the loan notes constituted under the Loan Note Instruments
“Loan Note Instruments”	has the meaning given in paragraph 14.2 of Part IV of this document
“Lock-in Agreements”	means the lock-in agreements between the Company, N+1 Singer and each of the Locked-in Shareholders, summary details of which are set out in paragraph 14.5 of Part IV of this document
“Locked-in Shareholders”	each of the Directors and certain other Shareholders who have entered into a Lock-in Agreement, details of which are set out in paragraph 14.5 of Part IV of this document
“London Stock Exchange”	London Stock Exchange plc
“MAR”	the Market Abuse Regulation (2014/596/EU)
“N+1 Singer”	Nplus1 Singer Advisory LLP, the Company’s nominated adviser, sole broker and sole bookrunner (or, where the context so admits, Nplus1 Singer Capital Markets Limited (acting in its capacity as placing agent))

“Non-Eligible Placing”	means the conditional placing of the Non-Eligible Shares by N+1S pursuant to the Placing Agreement
“Non-Eligible Shares”	means the 18,750,000 new Ordinary Shares proposed to be issued by the Company to Placees pursuant to the Non-Eligible Placing
“Non-Executive Directors”	each of Dr Chris Hand, Lyn Rees and Mary Tavener
“NPIF/Mercia”	NPIF YHTV Equity LP (acting by its general partner Enterprise Ventures (General Partner NPIF YHTV Equity) Limited, a wholly owned subsidiary of Mercia Asset Management PLC)
“Official List”	the Official List of the FCA
“Orderly Market Agreements”	means the orderly market agreements between the Company, N+1 Singer and certain Shareholders (other than the Locked-in Shareholders) summary details of which are set out in paragraph 14.6 of Part IV of this document
“Ordinary Shares”	ordinary shares of 0.025 pence each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Placing”	means the conditional placing of the Placing Shares by N+1 Singer at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated on or around the date of this document and made between the (1) Company (2) N+1 Singer (3) and the Directors relating to the Placing, further details of which are set out in paragraph 14.3 of Part IV of this document
“Placing Price”	96.0 pence per Placing Share
“Placing Shares”	means, together, the EIS/VCT Placing Shares and the Non-Eligible Shares
“Prospectus Rules”	the prospectus rules made by the FCA pursuant to section 73A of the FSMA from time to time
“QCA Code”	the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance from time to time
“Shareholder”	a holder of Ordinary Shares
“Touchstone”	Touchstone Innovations Businesses LLP (formerly known as Imperial Innovations Businesses LLP) and its affiliated entities
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UKLA” or “United Kingdom Listing Authority”	the FCA, acting for the purposes of Part VI of the FSMA
“uncertificated” or “in uncertificated form”	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US”, “USA” or “United States”	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction

“VCT”

means venture capital trusts

“VCT Legislation”

Part 6 of the Income Tax Act 2007 and any provisions of UK or European law referred to therein

“VCT Relief”

relief from UK tax under the VCT Legislation

GLOSSARY

The following glossary of terms applies throughout this document, unless the context otherwise requires:

“AbC-19™ Rapid Test”	A Lateral Flow Test developed by Abingdon Health that provides a result within 20 minutes, from a fingerstick blood sample, indicating whether a person is generating IgG antibodies to the spike protein of the SARS-CoV-2 virus
“AppDx®”	AppDx® is a smartphone application, developed by Abingdon Health, which enables a smartphone to read lateral flow test lines using the inbuilt camera, interpret the image, translate the image into numerical data and transfer data via secure interfaces
“Covid-19” or “SARS-CoV-2”	A novel coronavirus that causes the disease known as ‘Covid-19’ or ‘coronavirus’
“ELISA test”	An enzyme-linked immunosorbent assay, also called ELISA or EIA, is an immunodiagnostic test that detects and measures analytes in blood and other sample matrices. Analytes can include antibodies to certain infectious conditions. Antibodies are proteins that the immune system produces in response to the presence of foreign substances called antigens
“DHSC”	The Department for Health and Social Care
“LFT”	Lateral Flow Test
“mHealth”	Mobile Health
“MHRA”	Medicines and Healthcare Products Regulatory Agency
“PCR”	Polymerase chain reaction, a technique used to amplify, or make many copies of, a specific target region of DNA
“UK-RTC”	UK Rapid Test Consortium

PLACING STATISTICS

Placing Price	96.0 pence
Number of Existing Ordinary Shares	72,782,448
Number of Placing Shares being issued by the Company pursuant to the Placing	22,916,666 ¹
Number of Ordinary Shares in issue immediately following Admission	95,699,114
Percentage of Enlarged Share Capital represented by the Placing Shares	23.9%
Market capitalisation of the Company at the Placing Price on Admission	£91.9 million
Gross proceeds of the Placing receivable by the Company	£22.0 million
Estimated expenses of the Placing borne by the Company	£2.0 million
Estimated net proceeds of the Placing receivable by the Company	£20.0 million
ISIN number	GB00BLF79J41
SEDOL number	BLF79J4
AIM TIDM	ABDX
LEI number	213800XFI4WW3FBIL020

1. This includes the EIS/VCT Placing Shares.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2020¹

Publication of this document	11 December
Issue of EIS/VCT Placing Shares	14 December
Issue of Placing Shares (other than EIS/VCT Placing Shares)	15 December
Admission and dealings commence in the Ordinary Shares on AIM	8.00 a.m. on 15 December
CREST accounts credited by	as soon as reasonably practicable on the morning of 15 December
Despatch of definitive share certificates, where applicable, by	within 10 business days of Admission

Notes:

1. Each of the below dates is subject to change at the absolute discretion of the Company and N+1 Singer

PART I

INFORMATION ON THE GROUP

1. Overview

Introduction

Founded in 2008, Abingdon Health is a technology-enabled lateral flow diagnostics company providing contract service solutions to a global client base spanning the healthcare sector and other industries. Lateral flow testing is a powerful, rapid and flexible point-of-contact diagnostic technology which produces accurate results without the need to send a sample to a specialised laboratory. The Company provides its clients with a comprehensive end-to-end service, with the ability to take projects from initial concept through scale-up and into high-volume manufacturing. The Company also has a small portfolio of its own products which it has developed and commercialised.

About Abingdon Health

Abingdon Health has, since its establishment, grown organically and via acquisition, and as a result now has one of the largest rapid diagnostic manufacturing capacities in Europe with an ambition to be the largest globally. The Directors believe that Abingdon Health's full service 'turnkey' offering, which includes product development, technology transfer, regulatory support and commercial manufacturing, is the foundation for the Company's competitive advantage and key to attracting new customers and retaining existing customers. With over 150 years' combined experience in the senior management team, Abingdon Health regards itself as a knowledge leader in the lateral flow testing market.

Abingdon Health's revenues increased by approximately 130 per cent. to £5.2 million in FY20 (FY19: £2.3 million), which resulted in EBITDA of £0.8m for FY20 (FY19: loss of £1.1 million).

The Board believes the Group's previous investments in its operations has provided the Group with a platform for future revenue growth and profitability.

Covid-19 – Abingdon Health as UK Rapid Testing Consortium Lead Partner

The Company's expertise was recognised by the Department for Health and Social Care ("DHSC") which, in April 2020, appointed Abingdon Health to design and manufacture at scale, rapid antibody tests for Covid-19. Abingdon Health has subsequently developed the AbC-19™ Rapid Test, which can provide a result within 20 minutes, from a fingerstick blood sample, indicating whether a person is generating IgG antibodies to the spike protein of the SARS-CoV-2 virus. This particular antibody test indicates the presence of the type of antibody which are indicative of the body's ability to neutralise the virus and potentially provide immunity. The test has achieved CE marking for professional use. To meet the requirements presented by the DHSC, Abingdon Health formed the UK Rapid Testing Consortium ("UK-RTC") in order to scale manufacturing amongst a number of UK-based manufacturers and to secure component stock for large scale manufacture. Abingdon Health is the developer and legal manufacturer of the AbC-19™ Rapid Test. Abingdon Health has secured the supply of components and raw materials for the manufacture of 10 million tests across the UK-RTC members and, on 25 September 2020, received the first order from the DHSC for 1 million tests out of an initial framework agreement for 10 million tests. There is scope for the DHSC framework to be extended to cover the manufacture of a further 5 million tests by the UK-RTC. There is an agreement with DHSC that, with prior approval from DHSC, the UK-RTC can supply the AbC-19™ Rapid Test to other customers both in the UK and internationally.

In addition, the Company has developed and manufactures a test called PCRD which allows for the rapid (10 minute) visualisation of a PCR (or RT-PCR) test. This is being supplied for use as a component of PCR tests and has the potential to be incorporated into a rapid on-site PCR system. The Company has additional agreements to develop and transfer to manufacture lateral flow antigen tests for Covid-19 for private sector customers in the UK and internationally. The Company has used the increased demand for its Covid-19 tests as an accelerator for an ongoing programme of investment to scale up its manufacturing footprint.

Non-Covid Opportunity

Whilst the Group's focus at present is on the manufacturing of the AbC-19™ Rapid Test, its PCR test, transferring rapid antigen tests to manufacture and continuing the servicing of current non-Covid-19 development and manufacturing clients, the Directors plan in the medium-term to use a large portion of the funds raised from the Company's primary offering to increase its manufacturing capacity to build on existing customer relationships and attract new clients through offering outsourced contract development and manufacturing services on a much larger scale. The Directors believe that the Company has the opportunity to leverage its market to attract outsourcing from, *inter alia*, larger diagnostic, pharmaceutical and animal health companies. In addition, the Directors are seeing an increased demand for 'onshoring', being the relocation of test kit manufacture to the UK, North America and Europe due to an increased focus on supply chain risk management.

Broader areas of application for the lateral flow tests manufactured by the Company include infectious disease, fertility, cancer markers, animal health, plant pathogen and environmental testing. This offering is complemented by Abingdon Health's software application, AppDx® which enables a smartphone to read lateral flow test lines using the inbuilt camera, interpret the image, translate the image into numerical data and transfer data via secure interfaces.

Reasons for Admission

The proceeds from the Placing of approximately £20 million (net of expenses) receivable by the Company will be used, *inter alia*, to support and accelerate Abingdon Health's growth ambitions by furthering the automation of the Company's manufacturing and rapidly increasing capacity. A portion of the proceeds have been earmarked to establish a manufacturing facility in the US and invest in product development and innovation.

The Directors believe that the heightened profile, coupled with the recognised disclosure and corporate governance regime that will apply to the Group following Admission, will enhance the Group's credibility with government, other public sector organisations and key stakeholders, including existing and potential customers. Admission will also provide a readily available means for the Company to introduce employee share incentive schemes, broaden the Company's shareholder base and, if required, provide the Company with future access to the capital markets in support of the Group's strategic objectives.

2. Key Strengths

The Directors believe that the success of Abingdon Health, and their expectations for its future growth, are founded on the following key strengths, all of which will enable the Company to capitalise on the structural drivers of growth in the lateral flow diagnostics market:

Established operator in a large total addressable market with high growth prospects

Prior to the onset of Covid-19, the size of the global lateral flow diagnostics market was estimated at \$5.5 billion in 2017, with a CAGR of 8.2 per cent. The requirement for Covid-19 tests is expected to be worth a further \$5 billion globally. The Covid-19 pandemic has helped to increase awareness of the capabilities of lateral flow diagnostic testing generally across a range of Covid-19 and non-Covid-19 applications in a variety of settings. Abingdon Health's full service offering, automated manufacturing capacity and early mover advantage mean that the Board believes the Company is well-placed to address the opportunities in this large and growing total addressable market.

Established relationships with multiple blue-chip clients, growing pipeline of Covid-19 and non-Covid-19 opportunities

Abingdon Health has a number of revenue generating relationships with blue-chip clients and public sector organisations spanning various applications for lateral flow testing. The Company has a growing pipeline of Covid-19 and non-Covid-19 related opportunities in the healthcare sector as well as more widely across other sectors. Abingdon Health plans to use its knowledge leadership in lateral flow testing to leverage these partnerships with its clients to broaden and deepen the Company's strategic outsourcing activities. The Board believes that these existing relationships, in addition to its expertise and 'turnkey' service offering, give the Company a competitive advantage when tendering for further contracts in the future.

Early mover advantage in securing automated manufacturing capacity, inherently scalable production model

Abingdon Health began the planning process of scaling up its automated production capacity in 2019 and secured equipment purchases throughout 2020 in response to the market opportunities to use the Group's core expertise in the development and manufacture of lateral flow diagnostic test kits. The onset of Covid-19 in the early part of 2020 and Abingdon Health's appointment as lead partner on the UK-RTC has accelerated this market opportunity and the Company has continued to invest in its automated manufacturing capacity. The recent and ongoing expansion of production capacity also demonstrates that the Company's production and capacity model is inherently scalable.

Comprehensive end-to-end contract development and manufacturing service offering

Abingdon Health provides a turnkey service offering to its clients spanning contract development and manufacturing activities which can be tailored to the individual client's specific requirements. With a focus on manufacturing, clients can choose from a menu of start to finish services including, for example, product development, technology transfer, regulatory support and commercial manufacturing. The Board is of the belief that this will enable Abingdon Health to tender for larger contracts and customers will benefit from Abingdon Health's investment in automation and scaling its operations and higher production capabilities. Once client contracts are secured and volume manufacturing is underway, switching costs are high given the extensive revalidation associated with changing manufacturing partners and, in some cases longevity of supply contracts and the fact the products being supplied are subject to regulation.

Track record and growing reputation for diagnostic test kit development

The Company's expertise for the development of lateral flow diagnostic test kits was recognised by the DHSC when Abingdon Health was appointed in April 2020 to lead the UK-RTC. Abingdon Health's work, with the support of its consortium partners, resulted in the development and validation of the AbC-19™ Rapid Test, the Company's lateral flow test for the detection of Covid-19 IgG antibodies, in under four months. Abingdon Health also continues to work with a number of partners both in the UK and internationally to transfer to manufacture rapid antigen tests and supply lateral flow components to PCR tests for Covid-19, as well as the development of non-Covid-19 diagnostic tests for healthcare and non-healthcare applications.

Management experience of the medical diagnostics industry

The Board and senior management team has significant expertise of the lateral flow diagnostics industry and the scaling of businesses with, in aggregate, more than 150 years' experience of the medical diagnostics industry, specialising in the development and commercialisation of immunodiagnostics products, particularly rapid tests. Brief biographical details of Abingdon Health's Directors and senior management team are provided in paragraph 10 of this Part I.

3. History and Background

Abingdon Health was established in 2008 by the Company's Non-Executive Chairman Dr Chris Hand, its Chief Executive Officer, Chris Yates and Dr Brett Pollard as a vehicle through which to commercialise a portfolio of clinical diagnostics technologies.

In 2010, Abingdon Health entered into a joint venture with the University of Birmingham to develop a number of technologies, establishing Bioscience Ventures Ltd ("BSVL") as the vehicle for the joint venture in which the Company held a 50 per cent. interest. BSVL initially held interests in early stage medical diagnostics businesses including the following:

- Serascience Limited, which at the time was working with Abingdon Health to develop a rapid diagnostic test to be used in the diagnosis and monitoring of multiple myeloma, a rare blood cancer. This ultimately led to the development of Seralite-FLC, a rapid test for diagnosing and monitoring multiple myeloma, launched in 2015 and now available in 70 countries; and
- Linear Diagnostics Limited, a developer of novel platform technology that could be used in a wide range of diagnostic applications.

In 2012, the Company raised £3 million via the issue of equity to Touchstone and other investors, which provided Abingdon Health with the funding to establish a diagnostics business. At the same time,

Abingdon Health acquired 55 per cent. of Molecular Vision Limited (“Molecular Vision”). This provided Abingdon Health with access to reader technology which has been an important contributor to the development of AppDx®. Later in 2012, Abingdon Health acquired 80 per cent. of the issued share capital of Forsite Diagnostics Limited (“Forsite Diagnostics”), a contract developer and manufacturer of lateral flow diagnostic products based in York. This provided Abingdon Health with in-house manufacturing capacity for the first time.

In 2013, Abingdon Health raised a further £1 million of equity funding from Touchstone and other investors. In 2013, BSVL distributed its shares in Serascience to Abingdon Health and the University of Birmingham. In 2014, Abingdon Health bought out the remaining shares in Serascience by way of a share for share exchange, and acquired the remaining shares in Molecular Vision by way of cash offer, or offer for shares in Abingdon Health, becoming sole shareholder of both companies. In 2015, following the commercial launch of Seralite, Touchstone invested a further £2.5 million as part of a funding round raising gross proceeds for the Company of £3 million through the issue of loan notes. Also in 2015, Dr Brett Pollard left the business to pursue other opportunities and Chris Yates became the Company’s Chief Executive Officer. 2016 saw further progress in the commercial roll-out of Seralite-FLC, with the Company entering into an exclusive global distribution agreement with French company Sebia SA.

Further funding rounds took place in 2016 and 2017, raising gross proceeds for the Company of £4.1 million through the issue of loan notes, with Touchstone investing £3.9 million, as well as the acquisition by the Company of the remaining shares in Forsite Diagnostics, which become a wholly-owned subsidiary. Also in 2016, Abingdon Health and the University of Birmingham took the decision to dissolve the BSVL joint venture vehicle, which resulted in Abingdon Health holding a minority interest in Linear Diagnostics.

In May 2018, the Company completed a restructuring of its balance sheet, with all £7.1 million of loan notes converted into equity, alongside a £0.5m equity investment from existing shareholders including Chris Hand, Chris Yates, CatenaLucis LLC and Thornapple LLP. In November 2018, Abingdon Health launched AppDx® which enables a smartphone to read lateral flow test lines using the inbuilt camera, interpret the image, translate the image into numerical data and transfer data via secure interfaces.

In January 2019, NPIF/Mercia invested £1.5 million in the Company.

In April 2020, Abingdon Health purchased the lateral flow manufacturing assets of Concepta plc, providing additional capacity and as part of a strategy to mitigate the risk of operating from the Company’s single site in York. As part of these arrangements, Abingdon Health assumed the lease to Concepta plc’s Doncaster premises and two employees transferred across to the Group.

In April 2020, Abingdon Health was appointed by the DHSC to lead a consortium to develop a Covid-19 test. In order to provide the Group with the funding to scale up its manufacturing operations and take advantage of the opportunities in its markets, Abingdon Health issued £3,272,500 of redeemable and convertible loan notes in May and June 2020. Participating investors included a number of private investment vehicles as well as the Northern Powerhouse Investment Fund. The AbC-19™ Rapid Test achieved approval for professional use in July 2020. Under the framework in place with the DHSC, in September 2020 the first order was placed by DHSC for Abingdon Health to supply 1 million AbC-19™ Rapid Tests.

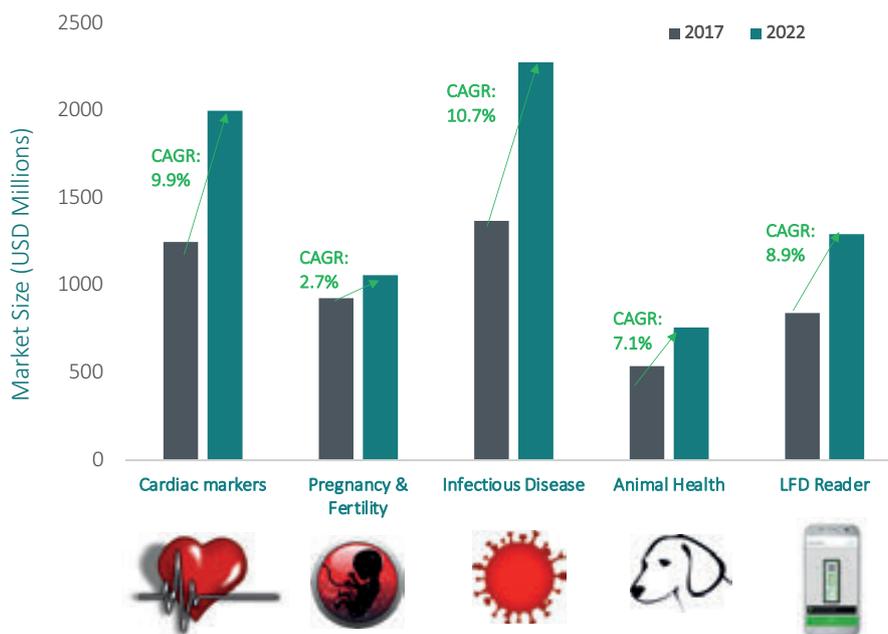
4. Market Opportunity

4.1 Large and High Growth Industry

The diagnostics testing industry is experiencing a period of structural growth that has been accelerated by the Covid-19 pandemic. Diagnostic testing has been identified as an effective way to monitor the spread of the virus to enable policymakers and healthcare workers to track and mitigate the outbreak of Covid-19. The pandemic has brought to light the importance of diagnostics testing and, specifically, lateral flow testing which is providing a catalyst for its growth. Lateral flow tests are cost-effective, rapid and can be used outside a laboratory and therefore can be a critical part of testing strategies globally.

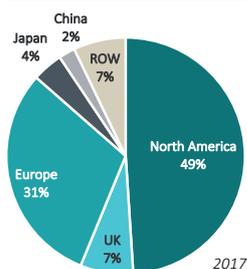
The Directors also expect that the adoption of lateral flow testing for Covid-19 in the home, community, workplace and medical sites will act as a catalyst for broader adoption of the technology and hence a growth of the wider market. Abingdon Health’s full-service offering, automated manufacturing capacity and the fact that it has already built a strong network of key industry partners mean that the Company is well positioned to capitalise on the growth of the non-Covid-19 lateral flow testing market.

Selected Lateral Flow Targeted Markets by Application (Size and Growth Rates) ¹



Note – 1: Areas of particular focus for the Group

Global Lateral Flow Market by Territory



2017-22 CAGR

North America	7.5%
UK	8.9%
Europe	8.2%
Japan	9.3%
China	12.2%
ROW	10.4%

Global Lateral Flow Market by Product



Source: Markets and Markets 2017 – Lateral Flow Market to 2022 Report. All projections are pre Covid-19.

Further details on the market size, growth rates and trends is provided in paragraph 6 of this Part I.

4.2 Automation drives scale efficiencies

Lack of sufficient high-volume automation in the manufacturing process has historically been an inhibitor to Abingdon Health's total capacity and as a result has prevented Abingdon Health from being able to secure higher volume contract manufacturing work.

Along with the committed purchase of machinery expected to be installed in 2020, the Company has plans to deploy funds in plant and machinery in order to significantly scale-up its manufacturing capacity over the next three years. The Board is of the belief that automation will also result in improved margins as costly time-consuming and manual elements of the production process can be eliminated. We believe automation will also support onshoring activities and outsourcing by providing cost-effective, scalable, high quality, manufacturing.

4.3 AbC-19™ Rapid Test – ex-UK sales & potential companion diagnostic opportunity alongside vaccine

Abingdon Health as stated, has already entered into a framework agreement to produce antibody tests for the UK Government through the UK-RTC potentially worth up to £75 million dependent on the Government placing further orders and exercising their right to extend the initial 6 month period. The UK-RTC has identified a number of international opportunities to produce tests for foreign governments, research institutions and other customers. UK-RTC is able to provide the AbC-19™ Rapid Test outside of the DHSC contract with prior consent from DHSC.

The biochemical format of the AbC-19™ Rapid Test, being targeted at IgG antibodies to the full spike protein of the virus, means it is aligned with the intended use of vaccines including those being developed by AstraZeneca and the University of Oxford and by Pfizer with BioNTech. These vaccines and others are designed to stimulate the production of IgG antibodies to the spike protein and produce immunity. The AbC-19™ Rapid Test has the potential to monitor the response to such vaccination and the longevity of the production of IgG antibodies to the spike protein.

As set out in paragraph 16 of part IV of this document, application has been made for judicial review of the award of the DHSC Contract. Depending on the outcome of this process, it is possible that the Company may not have the opportunity to obtain the maximum benefit from the DHSC Contract. In such circumstances, the Company would seek to enter into any subsequent procurement process operated by the DHSC for future supplies of IgG antibody tests. In addition, the Company would pursue the further international opportunities for the AbC-19™ Rapid Test referred to above.

Furthermore, the Directors believe that Medicines and Healthcare Products Regulatory Agency ('**MHRA**') approval of the test for home use (as described more fully in paragraph 5.4 of this Part I) would expand significantly the potential commercial market opportunity both within the UK and internationally.

4.4 US expansion to open up US-based opportunities

Abingdon Health intends to use a proportion of the Net Proceeds from the Placing to either develop a site in the US or to acquire a suitable platform business upon which it can build automated manufacturing capacity. The Board believes that this is an important strategic step to allow Abingdon Health to bid for US-based work, whether on-shoring or governmental. The US market represents approximately 49 per cent. of the global lateral flow diagnostics market and is growing at c.7.5 per cent. per annum. Therefore, establishing a commercial and operational footprint in the USA is a key strategic priority. Currently, 87 per cent. of kits used in the US are manufactured onshore.

The Board has carried out initial research on the opportunity and potential costs of setting up a presence in the US. Whilst the Board is yet to establish timings regarding the proposed US expansion, it would envisage exploring this opportunity from the second half of 2021.

5. Business Overview

5.1 Locations

The Group currently operates from two locations in the United Kingdom. Its head office and main manufacturing facility is located in York, which it has occupied since June 2012. The Group's middle and back-office functions are also located in York. In June 2020, the Group leased additional space at the York site in order to meet its current and forecast growth requirements.

In April 2020 the Group acquired a secondary, smaller, site in Doncaster, United Kingdom comprising additional manufacturing facilities. The site was previously the lateral flow manufacturing facility of Concepta plc. Both premises are leased.

The Group's dual locations in the UK helps mitigate the risk of disruption caused by an outage at an individual site. It is intended that this risk will be further diversified through the Group's plan to establish a future presence in the USA.

5.2 Manufacturing Process, Storage and Distribution

The Group currently adopts a batch production technique when manufacturing its lateral flow testing kits. The manufacturing process comprises two main phases:

(i) Primary phase - card and test strip manufacture:

In the primary phase test and control line reagents are dispensed onto a membrane. This dispensing is typically done to a membrane in a roll format and is performed using a reel to reel machine. Following this, the treated membrane is "built-up" with a variety of other materials, dependent on the product specification, including a backing card and various sample pads. This process is undertaken on a lamination machine. Both processes are automated and require limited manual intervention.

(ii) Secondary phase – assembly and kitting/packaging:

Following production of test strip cards in the primary phase, they are cut and then encased in individual plastic cassettes (in some applications the test strips are used without a plastic housing in “dip-stick” format). This housing process can either be done by hand or using an automated assembly machine. The individual cassettes are then packaged in a foil bag with a desiccant and sealed, which can be done by hand or using a flow wrapper machine, again allowing for automation. The final stage is to kit the tests which involves combining the foiled test with any accessories needed for the test to be used and packaging in appropriate materials for the test to be dispatched to the customer. In some cases, bulk materials are despatched to the customer who completes the kitting process. The final stage may be undertaken in-house by Abingdon Health or outsourced to a third party.

Under the framework agreement the Company has in place with the DHSC, the Company has sub-contracting partners alongside the UK-RTC who will combine the foiled test device, accessories needed for the test and an instruction leaflet into a final test kit. This test kit will then be dispatched to a DHSC specified warehouse.

The total manufacturing and assembly process typically takes around two months per batch.

(iii) Quality Control, Production Standards, Regulatory and Governance:

The Group has a Quality & Regulatory team of 11 individuals led by the Quality and Regulatory Affairs Director. Working with the R&D and manufacturing teams, the Quality team manages the Company’s Quality processes in accordance with internal procedures to ensure compliance with ISO 9001:2015 and ISO 13485:2016 certifications.

Abingdon Health’s ISO 9001 accreditation has been in place since 2009, with the scope of the current approval applicable to the design, development and manufacture of test kits, instruments and reagents for use in plant, food, veterinary and healthcare industries including contract services.

Abingdon Health has also been ISO 13485 accredited since 2011, with the scope of the current approval applicable to the design, development and manufacture of lateral flow devices and ELISA kits, reagents and device readers for *in vitro* diagnostic medical use in the diagnosis and management of disease status.

Abingdon Health’s manufacturing facility in York operates in accordance with GMP 21CFR820, covering the requirements of the U.S. Food and Drug Administration (FDA), for the design, development and manufacture of lateral flow devices, and device readers for *in vitro* diagnostic medical use. The Company conforms to GMP guidelines to ensure consistent quality control and compliance with regulatory requirements. This includes the selection and management of materials to ensure long-term test robustness and batch-to-batch consistency in manufacturing. The Company’s internal quality procedures also govern the development of new products and the transfer of products from development to manufacturing.

(iv) Storage of components and finished goods:

Components are stored on site in the Company’s premises in York and Doncaster. Finished goods are typically despatched to contract manufacturing clients on completion. Other than as noted above in respect of the DHSC contract, finished goods stocks of Abingdon Health’s own products are held in York and Doncaster.

5.3 **Capacity**

The Board is confident that the automated assembly equipment commissioned in October 2020 combined with further installation planned for December 2020 will provide sufficient automated capacity for the Group to meet its expected near-term volumes under both the DHSC contract and other Covid-19 related opportunities.

The Board is of the belief that investing capital in additional machinery and expanding the leased footprint will allow it to materially increase its manufacturing capacity to be able to produce up to 1 million tests per week by the end of 2020, enabling the Group to deal with additional demand as it arises.

5.4 **AbC-19™ Rapid Test**

The Covid-19 IgG antibody test developed by Abingdon Health has been branded as “AbC-19™ Rapid Test”. The test will provide an indication if a person has developed IgG antibodies to the spike protein of virus. It uses a fingerstick blood sample and shows results in 20 minutes, without the need to send a sample to a laboratory. The test targets IgG antibodies to the spike protein which are expected to be indicators for possible immunity and of potential use alongside vaccines which are intended to stimulate the body to produce such antibodies.

The AbC-19™ Rapid Test has undergone multiple validation studies, including independently by the University of Ulster and Public Health England. The University of Ulster studied SARS-CoV-2 antibody levels in plasma samples from 880 people in Northern Ireland, using laboratory-based methods from Roche, Abbott and EuroImmun. Using an internally developed ‘pseudo-gold standard’ as a benchmark the authors measured 654 of these samples by the AbC-19™ Rapid Test. They concluded a sensitivity of 97.7 per cent. and specificity of 100 per cent. on this sample set. An expansion to this study, including additional samples, provided results of sensitivity of 97.58% (confidence intervals of 95.28 per cent.-98.95 per cent., n=322/330) and specificity of 99.59 per cent. (confidence intervals of 98.53 per cent.-99.95 per cent., n=486/488).

The AbC-19™ Rapid Test has a number of potential use cases including surveillance testing, immunity certification, longitudinal population studies and potentially a companion diagnostic for vaccine effectiveness checks.

The AbC-19™ Rapid Test is currently CE-marked for professional use. To achieve home use/self-test certification, approval is required from the Medicines and Healthcare Products Regulatory Agency (“MHRA”) and under normal circumstances, the Board believes this would typically take around six months. The Board has stated that it has developed protocols to demonstrate suitability for home use/self-test which have been submitted to MHRA for approval. On 27 November 2020 MHRA authorised the Group to perform additional user experience studies which will form part of the continued liaison with MHRA regarding authority for use as a self-test/home use in addition to the current CE mark for professional use.

5.5 **DHSC Contract**

Abingdon Health, BBI and Omega, members of the UK-RTC, will all manufacture foiled test devices. Under the DHSC order form in place with Abingdon Health, the Group expects to manufacture approximately half of the first 10 million units, with the other members expected to manufacture the remainder.

In September 2020, the DHSC raised a purchase order with Abingdon Health for an initial 1 million units. At present, there is no purchase order for the remaining tests within the framework agreement.

The Board has stated that in the event that the DHSC does not require the volume beyond the initial purchase order it is of the belief that it would be able to sell this volume of tests to third parties at the same or a higher price than that agreed with the DHSC. The price agreed with the DHSC reflects a discount to expected market prices given both the profile of fulfilling an initial government contract and the likely volume.

Under the DHSC order form for the initial tests, it references that the test has been validated for professional use. Abingdon Health is also applying for regulatory approval for home use with MHRA. If approval is not received by 25 December 2020, the DHSC has the right to cancel all outstanding orders.

5.6 **Pipeline**

Abingdon Health has built up a significant pipeline of Covid-19 and non-Covid-19 opportunities across the healthcare sector and other industries. The projects in the Group’s pipeline range from qualified opportunities through to signed service level agreements worth, in aggregate, in excess of £100 million overall in potential contract value.

This pipeline has been built using limited sales and marketing resources and without having significant automated manufacturing capacity in place to bid for the higher volume contracts. A proportion of the net proceeds from the Placing will be used to expand Abingdon Health’s sales and marketing team,

in order that the Group can more readily capitalise on the opportunities in its markets, promote the use of LFT in new markets and drive further sustainable growth.

5.7 Sales Channels

The Group has a sales and marketing team of 9 individuals led by the Director of Sales and the Director of Global Marketing & Strategic Partnerships. The team is currently UK based with an intention, in the medium term, to establish a US sales operation. Longer term, Abingdon Health is seeking to establish a team of category experts across, *inter alia*, Outsourcing, Pharmaceuticals and Animal Health.

The Board anticipates that, with the additional resources provided by the Group's IPO, Abingdon Health should be able to target additional and larger contract opportunities with a cost effective, high volume and reproducible solution.

5.8 AppDx®

In November 2018 Abingdon Health launched AppDx®, the Company's innovative and proprietary mHealth software solution. Through the use of a smartphone's camera, AppDx® is a customisable smartphone reader that enables a semi-quantitative analysis of lateral flow tests, enabling accurate and efficient testing in any location. It can be used as part of the solution for streamlining rapid test data capture and analysis, and sharing it via secure connectivity. The technology used in the AppDx® system is protected by granted patents and patent applications.

With the wide-ranging applications where lateral flow tests are used, including human fertility, infectious disease and environmental testing, AppDx® is additive to the flexibility and usability of Abingdon Health's lateral flow tests. Results can then be mapped and tracked in real time which can help to alleviate bottlenecks that often exist in laboratory-based testing.

Early use for the technology has been provided by a licence agreement to Concepta plc. In addition, one of the three international companies that Abingdon Health is currently working with to develop rapid antigen tests is evaluating the use of AppDx®.

In September 2020, Abingdon Health announced that it had secured £1 million of loan funding from Innovate UK to fund the accelerated development of AppDx® to enable a fully quantitative smartphone-based solution.

6. Market Overview

Abingdon Health has a presence in point of care testing and a proven track record of developing and manufacturing lateral flow test kits for medical and non-medical applications. The Company has also established development and manufacturing relationships and partnerships with several of the major lateral flow users. As such the Board believes that Abingdon Health is well-positioned within the lateral flow assays market to take advantage of these drivers of long-term growth.

The size of the market for Covid-19 lateral flow assay tests is estimated to be a further \$5 billion in addition to the non-Covid-19 market, which the Board believes reinforces Abingdon Health's market opportunity further still. Independent studies estimated the overall size of the global (pre Covid-19) lateral flow assays market at \$5.5 billion in 2017, with the market expected to grow at a CAGR of 8.2 per cent. over the period from 2017 to 2022 and this growth driven by, *inter alia*, the following factors:

- high prevalence of infectious diseases;
- ageing population;
- increasing use of home-based lateral flow test kits; and
- growing pressure to reduce healthcare costs.

In 2017, clinical/point of care testing accounted for \$4.7 billion (or approximately 85.5 per cent.) of the total market, with veterinary diagnostics the next largest application at \$0.5 billion (9.1 per cent.) and drug development and quality testing accounting for \$0.2 billion (3.6 per cent.) and food safety and environment testing at \$0.1 billion (1.8 per cent.) for the remainder.

Growth within the clinical/point of care testing segment of the market is expected to be 8.1 per cent. p.a. over the period 2017 to 2022. The size of this segment can be attributed to increasing population levels, the increasing incidence of chronic disease, growing pressure to reduce healthcare costs and increasing demand for patient centric care.

Alongside infectious disease testing, sub-segments of this part of the market include testing for cardiac markers, pregnancy and fertility and drugs of abuse. The market can also be sub-divided by end user, with key categories including hospitals and clinics at \$3.2 billion (or approximately 58.2 per cent. of the total market size), home care at \$1.2 billion (approximately 21.8 per cent.) and diagnostic laboratories at \$0.8 billion (approximately 14.5 per cent.).

Growth in the hospitals and clinics category forecast at 7.4 per cent. pa over the period from 2017 – 2022 is being driven by increasing adoption of point of care testing in response to patient demand for fast and early diagnosis. Home care represents the fastest growing end-user category, with this segment expected to increase by a CAGR of 10 per cent. p.a. between 2017 and 2022, driven by patients' increasing demand for home and remote monitoring enabled in turn by rapid tests and portability of devices.

In geographical terms, North America accounted for 49.3 per cent. of the global lateral flow assays market, with Europe next largest at 37.5 per cent. then Asia Pacific at 9.6 per cent., Latin America at 2.9 per cent. and the Middle East and Africa at 0.7 per cent.

7. Customers & Competitive Environment

Customers

Abingdon Health undertakes work for contract development and contract manufacturing clients spanning the healthcare sector and other industries. Its clients in the UK include Avacta plc, Concepta plc and the DHSC. The Group's wider client base comprises a range of UK and international private sector and public sector organisations, including some of the leading human and animal pharma businesses globally.

Work for contract development clients is largely non-recurring in nature, however, the Directors anticipate it is likely to lead to the provision of contract manufacturing services if development is successful. Before Abingdon Health undertakes contract manufacturing for a client, a technology transfer process is required which can take around three months. Abingdon Health undertakes testing and production run set-up to enable ongoing manufacturing. This process results in Abingdon Health developing 'know how' intellectual property in relation to manufacturing specific products in accordance with client specification. This constitutes a barrier to entry for competitors given the associated costs of switching to an alternative source of supply. As a result, contract manufacturing revenue tends to be more recurring in nature.

Abingdon Health will be seeking to leverage its relationships with existing and new customers and market positioning generally with a view to undertaking both contract development and manufacturing work in much larger volumes in the future.

Competitors

There are a large number of contract manufacturing companies that Abingdon Health competes against, including BBI, Mologic, Operon, DCN and Web Industries. In addition, global pharmaceutical and diagnostics businesses, in particular the USA including Abbott, Becton, Dickinson and Company, Johnson & Johnson and Danaher Corporation also operate in the lateral flow market. Covid-19 has presented a significant opportunity for companies operating in this space and Abingdon Health already has products in some of the Covid-19 testing segments with development of other testing solutions ongoing with its contract development customers. The Board is of the belief that the Company's well-established background in lateral flow testing provides it with the opportunity to mobilise quickly to support a range of Covid-19 testing solutions.

Abingdon Health maintains its intellectual property position via confidential know-how, software copyright, trademarks and patents. It maintains a number of trademarks and has granted patents and patent applications.

Whilst barriers to entry in this space are high as a result of substantial capital requirements to establish a reputation and presence and the know how required to develop and manufacture tests at scale, the Group faces competition from both UK and international companies.

8. Strategy

The Group’s long-term strategic objective is to become the largest manufacturer of lateral flow tests globally, providing development and contract manufacturing services to clients spanning a range of applications across the healthcare and non-healthcare sectors.

The Board is, in the short-term, seeking to continue the expansion of Abingdon Health’s lateral flow test automated manufacturing capacity such that, by the end of 2021, the Group intends to have capacity of 150 million tests per annum. The Group intends to achieve this through undertaking a capital expenditure programme in the short and medium term that will enhance production economics, thereby reinforcing the Group’s competitive advantage. A modular approach will be taken towards decisions regarding capital expenditure, and as such, the Board will ensure a suitable pipeline of opportunities exists for which additional capacity is required before proceeding with the next module of the programme.

The increased scale of the Group’s manufacturing footprint will also enable Abingdon Health to leverage opportunities in its markets more effectively, in particular:

- Meeting client demand for the ‘on-shoring’ back to the UK of their sub-contracted manufacturing requirements currently undertaken in lower cost jurisdictions;
- Expanding existing and accessing potential new sales channels as clients increasingly outsource their diagnostic test kit manufacturing requirements to Abingdon Health rather than meeting these in-house. The Directors believe that there will be clear cost advantages to clients in outsourcing their production requirements, given the expansion of the Group’s manufacturing footprint and the expected production economies that will arise; and
- Providing the ability for the rapid scale-up of production in response to client requirements.

The Board also believes that the trends towards on-shoring in the UK equally applies to potential clients of the Group in the USA. The Board plans to establish a manufacturing presence in the USA to take advantage of this perceived trend. Longer-term the Board is also planning to make a fully quantitative version of AppDx® available for license. AppDx® enables a smartphone to read lateral flow test lines using the inbuilt camera, interpret the image, translate the image into numerical data and transfer data via secure interfaces.

The Board believes that its strategy positions the Group appropriately to capitalise on both Covid-19 and non-Covid-19 opportunities in its markets.

9. Group Overview
Corporate structure

The table below shows the Group’s corporate structure:



Abingdon Health is the holding company of the Group. Further details of the Company’s issued share capital are set out in paragraph 3 of Part IV, with details of current shareholders in paragraphs 7.1 and 10.1 also in Part IV of this document.

Abingdon Health and Forsite Diagnostics are the Group's main trading companies, with relatively low levels of trade in Molecular Vision and Serascience. Abingdon Health holds 100 per cent. of the issued share capital in each of Forsite Diagnostics, Molecular Vision and Serascience. Abingdon Health holds 18 per cent. of the issued share capital of Linear Diagnostics. Abingdon Health accounts for its interest in Linear Diagnostics as an associate investment.

10. Directors, Senior Management and Employees

Short biographies of the Directors and details of their roles, including the principal activities performed by the Directors outside the Group, are set out below.

Dr Chris Hand (age 59) – Non-Executive Chairman

Chris co-founded Abingdon Health in 2008 and was Chief Executive Officer from 2008 to 2015. He has been Chairman of the business since 2015. He has over 30 years' experience in the medical diagnostics industry and has specialised in the development and commercialisation of immunodiagnostics products, particularly rapid tests. Chris co-founded the medical diagnostics company Cozart, leading the company's AIM IPO in 2004 and successful exit to Concateno plc in October 2007. Chris was a Non-Executive Director of Advanced Computer Software plc between 2013 and 2015 when the company was sold to US Private Equity firm Vista for £750m.

Chris Yates (age 46) – Chief Executive Officer

Chris was a co-founder of Abingdon Health in 2008 and initially served as a Non-Executive Director before becoming Chief Executive Officer in July 2015. Chris was previously Chief Financial Officer at Cozart, Nexus Vehicle Rental and Immunodiagnostic Systems. Chris is non-executive director of genedrive plc. Chris spent the early part of his career working in Corporate Finance and is a Fellow of the Institute of Chartered Accountants in England & Wales.

Scott Page (age 39) – Finance Director

Scott joined Abingdon Health as Group Financial Controller in July 2017 and was promoted to Finance Director in January 2020. Scott's previous roles include as a Financial Accountant and then Accounting Manager and Site Controller at Aptar UK. Scott spent the early part of his career working in the audit industry and is a Fellow of the Association of Certified Chartered Accountants.

Lyn Rees (age 47) – Independent Non-Executive Director

Lyn joined Abingdon Health as a Non-executive director in June 2020. Lyn is Chief Executive Officer of AIM-listed Yourgene Health plc, an international molecular diagnostics group. He was previously at British Biocell International where his roles included Managing Director of BBI Healthcare and then Chief Executive of BBI Diagnostics. Lyn is also Non-executive Director of Concepta plc.

Mary Tavener (née Hynes, age 58) – Independent Non-Executive Director

Mary has extensive experience in the healthcare sector, having spent more than 19 years as Chief Financial Officer and Board member of AIM listed Advanced Medical Solutions ("AMS"). At AMS, Mary was responsible for strategy and risk management, finance, operations, regulatory, and legal. During her tenure through to the end of 2018, AMS delivered 15 consecutive years of growth, listed on AIM, and successfully conducted several transformational M&A deals. Mary is a member of the Chartered Institute of Management Accountants (ACMA) and a Fellow of the Association of Corporate Treasurers (FCT). Prior to joining AMS, Mary was the Group Financial Controller of BTP plc. She is a non-executive director of AIM listed Allergy Therapeutics plc and chairs the audit committee.

The Board is supported by an experienced Senior Management Team including the following individuals:

- Oliver Gardner, Chief Operating Officer: Joined in June 2020 (following initial engagement as a consultant) and is responsible for scaling up operations, with operations, quality, HR and IT reporting into him.
- Michael Hunter, Operations Director: Joined in May 2015 and is responsible for manufacturing activities, including stock control.

- Marsha Leeman, QARA Director: Joined as Quality Assurance & Regulatory Affairs Manager in April 2014.
- Fiona Smith, Director of Global Marketing & Strategic Partnerships: Joined in November 2014 and leads Abingdon Health's marketing and PR activities and is also responsible for developing key strategic partnerships with customers, suppliers and technology partners.
- Leigh Thomas, Director of Global Sales: Joined in March 2019 and is responsible for customers and Abingdon Health's sales activities.
- Nina Garrett, R&D Director: Joined in November 2019 and has over 18 years of experience in the development and production of lateral flow rapid tests.
- Amanda King, IT and Change Director: Joined in July 2020 and is responsible for IT, systems improvement and implementing change programmes.

As at 31 October 2020 the Group had a total of 119 permanent employees across all locations.

11. Summary Financial Information

The following financial information for the Company for the 18 months ended 30 June 2018 and the years ended 30 June 2019 and 30 June 2020 has been derived from the financial information contained in Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

	<i>18 months ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>(£'000)</i>	<i>(£'000)</i>	<i>(£'000)</i>
Revenue	2,268	2,277	5,235
Gross profit	1,685	1,572	4,426
Gross margin	74.3%	69.0%	84.5%
EBITDA	(3,973)	(1,106)	808
Operating loss	(4,654)	(1,395)	(3,312)

12. Current Trading and Prospects

Unaudited pre-tax losses during the 4 months ended 31 October 2020 have increased to £2.3 million from £0.3 million during the equivalent prior year period. This reflects growth in reported revenue of approximately £0.7 million (equating to a corresponding contribution, prior to labour costs, of approximately £0.2 million) as a result of new contract wins arising from the Covid-19 pandemic and growth in the underlying manufacturing business, offset by a £1.0 million increase in staff costs (to support the forecasted growth), £0.5 million of professional fees, £0.3 million share option charge, £0.3 million of depreciation and interest.

Notable balance sheet movements during the 4 months ended 31 October 2020, beyond those reflecting the losses in the period, principally include (i) the impact on share capital of the court-approved capital reduction in October 2020 (see Part IV for further details), (ii) an approximate £1.7 million increase in non-current assets (reflecting capital spend on leasehold improvements and equipment during the period to support forecasted growth), (iii) an approximate £1.4 million increase in current assets (principally including increased raw materials stock pending use in production to satisfy demand from DHSC) and (iv) an approximate £5.2 million increase in current liabilities. The latter is predominantly due to increased deferred income through payments received from DHSC in relation to stock purchases (which will unwind as product is shipped to DHSC) and increased trade creditor balances incorporating purchases of stock and capital equipment.

13. Reasons for Admission and use of Proceeds

The Board believes that Admission is an important step in the Company's continuing development, and will accelerate its commercial progression. In particular, the Placing and Admission will provide the Company with capital to execute the Board's growth plans for the Group.

The Placing will raise net proceeds of approximately £20 million receivable by the Company.

The Board intends to use the net proceeds of the Placing to fund:

- a capital expenditure programme, providing the Company with a manufacturing footprint capable of producing approximately 150 million LFTs annually. The Company also intends to use a proportion of these net proceeds to establish a manufacturing facility in the USA;
- further innovation, including development and full-scale commercialisation of AppDx® which enables a smartphone to read lateral flow test lines using the inbuilt camera, interpret the image, translate the image into numerical data and transfer data via secure interfaces; and
- general working capital and other growth initiatives, including expansion of the Company's sales and marketing function to enable the targeting of more opportunities in geographical areas where the Company is not yet physically present.

The Directors believe that the enhanced disclosure and corporate governance regime that will apply to the Group following Admission will give the Group greater credibility in its discussions with governments, other public sector organisations and other key stakeholders.

Admission will also enhance the Company's profile with existing and potential customers. Admission will also provide a mechanism through which the Company will, in the future, be able to recruit, incentivise and retain key staff through equity-linked schemes, broaden the Company's shareholder base and provide access to capital markets to fund future organic growth and acquisitions, if required.

Further details of the Loan Notes and the instrument by which they were constituted can be found in paragraph 14.2 of Part IV of this document.

14. Details of the Placing and Admission

The Placing comprises the issue of 22,916,666 Placing Shares by the Company at the Placing Price representing approximately 23.9 per cent. of the Enlarged Share Capital and will raise £22.0 million gross (approximately £20 million net of expenses) for the Company. On Admission, it is expected that the Company will have a market capitalisation of approximately £91.9 million at the Placing Price.

The Company, the Directors and N+1 Singer have entered into the Placing Agreement relating to the Placing, pursuant to which, subject to certain conditions, N+1 Singer have conditionally agreed to use reasonable endeavours to procure subscribers for the Placing Shares to be issued by the Company in the Placing.

The Placing has not been underwritten by N+1 Singer.

The placing of the Placing Shares will be conducted in separate tranches to assist investors in the Placing to claim certain tax reliefs available to EIS investors and VCTs.

EIS/VCT Shares will be offered to those investors seeking to claim EIS relief in relation to their subscription and to VCTs and the Non-Eligible Shares will be offered to those investors who are neither seeking EIS relief nor are VCTs.

The placing of the EIS/VCT Shares is conditional, among other things, upon the Placing Agreement not having been terminated in accordance with its terms. EIS and VCT investors should note that it is intended that the Company will issue the EIS/VCT Shares before 11.59 p.m. on 14 December 2020 and that Admission is expected to occur at 8.00 a.m. on 15 December 2020 and, accordingly, completion of the Placing of the EIS/VCT Shares is not conditional upon Admission.

The placing of the Non-Eligible Shares is conditional, among other things, upon the Placing Agreement becoming unconditional (including Admission taking place at 8.00 a.m. on 15 December 2020 (or such later time and/or date as N+1 Singer and the Company may agree, not being later than 8.00 a.m. on 16 December 2020)) and not having been terminated in accordance with its terms prior to Admission.

The Placing Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made after Admission.

The Placing Shares will, following their issue, represent approximately 23.9 per cent. of the Enlarged Share Capital and the Existing Ordinary Shares will represent approximately 76.1 per cent. of the Enlarged Share Capital.

Further details of the Placing Agreement are set out in paragraph 14.3 of Part IV of this document.

15. Lock-in Agreements

Each of the Directors, the Company's employees receiving shares under option schemes and certain other Shareholders, who on Admission will be the holders of 64,948,008 Ordinary Shares in aggregate, representing approximately 67.9 per cent. of the Enlarged Share Capital, (being the Locked-in Shareholders) have entered into Lock-in Agreements. Under the terms of the Lock-in Agreements, the Locked-in Shareholders have undertaken to the Company and N+1 Singer not to dispose of any interest in any Ordinary Shares owned by them or any connected person prior to the date which is: (i) in the case of Touchstone and IP2IPO Innovations Limited (together holding 4,190,560 Ordinary Shares), 3 months from Admission, and (ii) in the case of all other Locked-in Shareholders (together holding 60,757,448 Ordinary Shares), twelve months from the date of Admission (the "Restricted Period") and, for a further period of: (i) in the case of Touchstone and IP2IPO Innovations Limited, nine months following expiry of the Restricted Period, and (ii) in the case of all other Locked-in Shareholders, 12 months following the expiry of the Restricted Period, only to dispose of their Ordinary Shares through N+1 Singer during that period in such a way as to maintain an orderly market, except in certain limited circumstances considered customary for an agreement of this nature.

In addition, Shareholders not subject to Lock-in Agreements, who on Admission will be the holders of 7,387,248 Ordinary Shares in aggregate, representing approximately 7.7 per cent. of the Enlarged Share Capital, have entered into Orderly Market Agreements. Under the terms of the Orderly Market Agreements, these Shareholders have undertaken to the Company and N+1 Singer only to dispose of any interest in any Ordinary Shares owned by them or any connected person, in the period prior to the date which is twelve months from the date of Admission, through N+1 Singer during that period in such a way as to maintain an orderly market, except in certain limited circumstances considered customary for an agreement of this nature.

Further details of the Lock-in Agreements and Orderly Market Agreements described above are set out in paragraphs 14.5 and 14.6 respectively of Part IV of this document.

16. Corporate Governance

The Directors intend to comply fully with the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code").

Following Admission, the Board will comprise five Directors, of which two are Executive Directors and three are Non-Executive Directors. The Board considers Lyn Rees and Mary Tavener to be independent Non-Executive Directors under the criteria identified in the Quoted Companies Alliance Guidelines.

The Company will hold regular board meetings and the board will be responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The board has established an audit committee and a remuneration committee with formally delegated rules and responsibilities. Each of these board committees will meet as and when appropriate, but at least twice each year.

The audit committee will comprise Lyn Rees and Mary Tavener, who will act as chair. The audit committee will, among other things, determine and examine matters relating to the financial affairs of the Company including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. It will receive and review reports from management and the Company's auditors relating to the half yearly and annual accounts and the accounting and the internal control systems in use throughout the Company.

The remuneration committee will comprise Mary Tavener and Lyn Rees, who will act as chair. The remuneration committee will review and make recommendations in respect of the Executive Directors' remuneration and benefits packages, including share options and the terms of their appointment. The

remuneration committee will also make recommendations to the board concerning the allocation of share options to employees under the intended share option schemes.

17. Dividend Policy

Following Admission, when it is commercially prudent to do so and subject to the availability of distributable reserves, the Board may in future approve the payment of dividends. However, at present, the Directors consider that it is more prudent to retain cash to fund the development of the Company and, as a result, feel it is inappropriate to give an indication of the likely level or timing of any future dividend payment.

18. Share Dealing Policy

With effect from Admission, the Company will operate its Share Dealing Code, which is compliant with Article 19 of the Market Abuse Regulation (EU) 596/2014 ("MAR") and Rule 21 of the AIM Rules for Companies. The Share Dealing Code will apply to any person discharging management responsibility, including the Directors, and the Senior Management and any closely associated persons and applicable employees.

The Share Dealing Code imposes restrictions beyond those that are imposed by law (including by FSMA, MAR and other relevant legislation) and its purpose is to ensure that persons discharging managerial responsibility and persons connected with them do not abuse, and do not place themselves under suspicion of abusing, price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of both financial results and the results of the Company's research trials. The Share Dealing Code sets out a notification procedure which is required to be followed prior to any dealing in the Company's securities.

19. Share Option Schemes

The Directors recognise the role of the Group's staff in contributing to its overall success and the importance of the Group's ability to incentivise and motivate its employees. Therefore, the Directors believe that certain employees should be given the opportunity to participate and take a financial interest in the success of the Company.

EMI Schemes

The Company currently operates the EMI Schemes (as defined in paragraph 3.3.7 of Part IV of this document), under which certain of the Directors and the Group's employees currently hold options over a total of 1,352,440 ordinary shares of £0.001 each. As detailed in paragraph 13.1.1 of Part IV of this document, all of these options will be exercised or lapse prior to Admission and no further grants will be made under the EMI Schemes (and, from Admission, if these options are not exercised they shall cease to exist). The interests of the Directors in the EMI Schemes are set out in paragraph 7.1 of Part IV of this document.

Non-Employee Scheme

The Company also currently operates the Non-Employee Scheme (as defined in paragraph 3.3.9 of Part IV of this document), under which Lyn Rees (Non-Executive Director) has been granted options over 80,000 ordinary shares of £0.001 each. The options granted to Mr Rees are currently outstanding and exercisable (in such numbers as the Directors may determine following the Reorganisation), including for up to 180 days following Admission.

Employee share incentive schemes

On or around the date of Admission the Company will adopt a new LTIP and SAYE (as defined in paragraph 13.2 of Part IV of this document), each to be operated at and following Admission.

The Company intends to grant Initial LTIP Awards (as defined in paragraph 13.3.1 of Part IV of this document) over Ordinary Shares to certain of the Directors and the Group's employees under the LTIP at or shortly after the time of Admission.

Under the rules of the LTIP and SAYE, no award may be made if it would result in the aggregate number of Ordinary Shares issued (or committed to be issued) under the LTIP and SAYE (together with those issued,

or committed to be issued, under any other employee share scheme)) in the preceding 10 year period to exceed 10 per cent. of the issued ordinary share capital of the Company at that time.

20. EIS and VCT status

The Company has applied for and received advance assurance from HMRC to the effect that the EIS Placing Shares will be 'eligible shares' capable of constituting a qualifying holding for EIS Relief purposes, and that subject to receipt of a satisfactory compliance statement from the Company, the EIS Shares are capable of satisfying the requirements for EIS Relief. This advance assurance is expected to apply only in relation to the EIS Shares. Further information on EIS and VCT status is set out in Part II (Risk Factors). For the avoidance of doubt, any investor who is an Existing Shareholder will not be entitled to claim EIS Relief on a new investment in the Company.

21. Taxation

The attention of investors is drawn to the information regarding taxation set out in paragraph 21 of Part IV of this document. This information is intended only as a general guide to the current tax position under UK taxation law for certain types of investor. **Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.**

22. The City Code

The City Code applies to the Company. Under the City Code, if an acquisition of an interest in Ordinary Shares were to increase the aggregate interests of the acquirer and its concert parties to 30 per cent. or more of the voting rights in the Company, the acquirer and, its concert parties would be required to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for interests in Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered when, except with the consent of the Panel, any person (together with persons acting in concert with him) who is interested in Ordinary Shares which carry not less than 30 per cent. of the voting rights of the Company but does not hold Ordinary Shares carrying more than 50 per cent. of such voting rights, and such person (or person acting in concert with him) acquires any other Ordinary Shares which increases the percentage of Ordinary Shares carrying voting rights in which he is interested.

For the purpose of Rule 9 of the City Code, it has been agreed with the Panel that those persons set out in paragraph 6.2 of Part IV of this document are acting in concert. Following Admission, the Concert Party could have an interest in up to approximately 43.4 per cent. of the voting rights in the Company.

Further information on the provisions of the City Code can be found in paragraph 6 of Part IV (Additional Information) of this document.

23. Risk Factors

Prospective investors should consider carefully the risk factors described in the section headed "Risk Factors" and set out in Part II of this document in addition to the other information set out in this document and their own circumstances, before deciding to invest in Ordinary Shares.

24. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for all of the Ordinary Shares, including those issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 15 December 2020. The Ordinary Shares will be in registered form and will be eligible for settlement through CREST.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles of Association contain provisions concerning the holding and transfer of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. The Company has applied for the Ordinary Shares to be admitted to CREST with

effect from Admission and Euroclear has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

In the case of Placees who have requested to receive Placing Shares in uncertificated form, it is expected that CREST accounts will be credited as soon as reasonably practicable on 15 December 2020. In the case of Placees who have requested to receive Placing Shares in certificated form, it is expected that share certificates will be despatched by post within 10 days of the date of Admission.

No temporary documents of title will be issued. All documents sent by or to a Placee who elects to hold Ordinary Shares in certificated form, or at his or her direction, will be sent through the post at the Placee's risk. Pending the despatch of definitive share certificates, transfers will be certified against the register of members of the Company.

25. Further Information

You should read the whole of this document, which provides additional information on the Group and the Placing, and not just rely on the information contained in this Part I. In particular, your attention is drawn to the risk factors in Part II of this document and the additional information contained in Part IV of this document.

PART II

RISK FACTORS

Investing in and holding Ordinary Shares involves financial risk. Prospective investors in the Ordinary Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Ordinary Shares, the Group's business and the industry in which it participates prior to making an investment decision.

The risk factors set out below, which are not set out in any order of priority, apply to the Group as at the date of this document.

The risks and uncertainties described below are not an exhaustive list, are not set out in any order of priority and do not necessarily comprise all, or explain all, of the risks associated with the Group and the industry in which it participates or an investment in the Ordinary Shares. They comprise the material risks and uncertainties in this regard that are known to the Group and should be used as guidance only. Additional risks and uncertainties relating to the Group and/or the Ordinary Shares that are not currently known to the Group, or which the Group currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. If any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment. There can be no certainty that the Group will be able to implement successfully its growth strategy as is detailed in this document. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Group will achieve its objectives.

Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances. Prospective investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand any part of this document.

RISKS RELATING TO THE GROUP'S BUSINESS

Dependency on key customers or products and failure for a market to develop for the Group's products could affect the Group's financial performance

A significant proportion of the Group's historical revenues are generated from a small number of key customers. In addition a significant proportion of its current and future revenues (both contracted and pipeline) are related to the AbC-19™ Rapid Test and a framework agreement with the DHSC.

The development of a market for the Group's products is affected by many factors, some of which are beyond the Group's control, including the emergence of newer, more competitive technologies and products, the cost of the Group's products themselves, regulatory requirements, and customer requirements and perceptions. If a market fails to develop or develops more slowly than anticipated, the Group may be unable to recover the losses it will have incurred in the development of the new products which it intends to develop or is developing. In addition, the Directors cannot guarantee that the Group will continue to develop, manufacture or market its products if market conditions do not support the continuation of the product.

There can be no guarantee that the market for the Group's products will develop or be as large as is currently anticipated.

Loss of business from DHSC could have a significant negative impact on the Group's results of operations and overall financial condition

The terms of the framework agreement with the DHSC cover the manufacture of up to 10 million plus a further 5 million antibody tests by the UK-RTC, with Abingdon Health anticipating that the Group will manufacture approximately half of the initial 10 million tests. The Group's revenues and profitability is

dependent on the supply of these tests and, whilst the first order for 1 million tests has been placed with Abingdon Health by the DHSC, there is no guarantee that the DHSC will place further orders or that the Group will be able to deliver its share of the tests envisaged under the agreement.

Consequentially, the retention of the DHSC as a key customer is important to the Group's operating results, as well as the robustness of the Group's business. If the DHSC decides to materially reduce the expected level of use of the Group's services, whilst the Group would aim to offset this by securing alternative customers for the AbC-19™ Rapid Test, it could cause an immediate and significant decline in the Group's revenue and profitability and harm the Group's business.

Furthermore, the DHSC is able to exercise its termination right under the framework agreement in certain circumstances, including in the event that MHRA regulatory approval for home use of the test is not received by 25 December 2020. If the DHSC were to exercise such right, it could have a significant negative impact on the Group's results, overall financial condition and prospects.

As set out in paragraph 16 of Part IV of this document, application has been made for judicial review of the award of the DHSC Contract. There are a number of potential outcomes from that process, including that the judicial review application is rejected. Even if the judicial review were successful, it is possible that the contract would in any event still be able to run its course. In the alternative, it is possible that either: (i) the remaining elements of the DHSC Contract could be declared ineffective which would terminate the contract from that date, meaning that the Government would not be able to place further orders; or (ii) the Court could order that the duration of the contract be shortened and, in such circumstances, it is unlikely that the potential maximum of 10 million tests under the initial contract period would be ordered pending the outcome of a new procurement process. The impact could be mitigated by the Company participating in that new procurement process and/or, assuming MHRA regulatory approval for home use is obtained, selling the product to other interested parties.

The market opportunity for the Group's Covid-19 diagnostic products may diminish over time

The Group's current framework agreement with the DHSC does not require a long-term commitment and this, together with the rest of the Group's Covid-related business, is highly dependent on the current Covid-19 pandemic. Accordingly, this activity may be vulnerable to scientific developments, in particular, in the prevention and/or treatment of Covid-19. If, for instance, a Covid-19 vaccine programme in the UK or worldwide were to be introduced successfully, whilst this may increase or sustain demand for the AbC-19™ Rapid Test, for vaccine efficacy purposes, this could reduce the addressable market for the Group's other Covid-19 diagnostic products. Because the Group does not have long-term contracts in this area, there is a degree of uncertainty over future revenues and there is no assurance that customers will continue to use the Group's solutions or that the Group will be able to replace lost Covid-19 revenues relating to its existing business with new Covid-19 related revenues and/or non-Covid-19 revenues.

The Group's strategy may be unsuccessful and future expansion may not proceed as planned

There can be no certainty that the Group will achieve or sustain revenues, profitability or positive cash flow from its existing and planned operating activities. The Group has limited revenue visibility following the financial year ending 30 June 2021 and future revenues are reliant on products with a limited operating history. There can be no guarantee the Group's pipeline of customer opportunities will materialise as expected. Furthermore, the Group anticipates that a material proportion of revenues will arise from revenue streams which at present are not fully established. There is a risk that revenues from currently undeveloped revenue streams are not realised as currently anticipated.

The Group faces risks frequently encountered by developing companies. In particular, its future growth and prospects will depend on its ability to manage growth and to continue to expand and improve operational, financial and management information, quality control systems and its sales and marketing function on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

The scale-up of manufacturing capacity may not materialise as expected

The Group intends to further automate certain of its manufacturing processes in order to increase capacity, scale the business and meet anticipated future demand. There is a risk that this takes longer than expected. Delays could arise in the installation of the equipment, its commissioning could take longer than expected and equipment may not work as expected. It is unlikely that the Group will be able to recover consequential losses from the equipment manufacturer. Any delays in automated capacity coming on stream could negatively impact Group sales and it cannot be guaranteed that all the anticipated scale-up in manufacturing capacity and associated benefits of automation will be achieved. If the volume requirements are not met, there is a risk the Group's customers may terminate contracts.

The Group is reliant on third parties

The Group is the lead manufacturer in the UK-RTC. If the consortium partners are unable to manufacture adequate volume on behalf of the Group, this could lead to the Group being unable to deliver the total volume expected by the DHSC. Commercial success of the Group's products will therefore in part depend upon the performance of third parties. The Group cannot guarantee that the third parties will be able to carry out their obligations under the relevant arrangements.

The Group is dependent upon third parties for the provision of adequate raw material supplies. Whilst the Group endeavours to have at least one alternative supplier for all components, if there are supply shortages from the Group's main suppliers, it may be challenging to make up purchases from other suppliers. Any such shortages could still have a material short term impact on the business.

Dependence on key executives and personnel or ability to attract new personnel

The Group relies upon a number of key executives and employees, including the Directors, and its ability to retain and attract other qualified management, scientific, technical, marketing and support personnel. Competition for such personnel is intense, and there can be no assurance that the Group will be able to continue to attract and retain such personnel. The Directors believe that the future success of the Group will depend in part upon the abilities and expertise of its personnel and the loss of the services of any of the Group's key executives or employees, and an inability to find suitable replacements, could materially adversely affect its business.

The Group has incurred substantial losses since its inception

The Group has historically been loss making and has regularly secured external investment in order for it to pursue a strategy of developing and commercialising diagnostic technologies. Whilst the Group is pursuing a strategy to grow the business in new areas, there can be no certainty that future profitability can be achieved or sustained.

Product and technology risks and product liability risks

Products and technologies used within the Group's current market place are constantly evolving and improving. Therefore there is a risk that the Group's current product offering may become outdated or obsolete as improvements in products and technology are made. There is no guarantee that the Group will be able to adapt existing products for future applications and may not be able to gain commercial traction, which will limit market potential. In addition, the Group may commit significant sums to product development which may ultimately prove unsuccessful, for example either because development of the product does not complete or demand for the product fails to materialise.

Any failure of the Group to ensure that its products and other technology remain up to date with the latest technology may have a material impact on the Group's competitiveness and financial performance. The Group's success will depend, in part, on its ability to develop and adapt to these technological changes and industry trends. To mitigate this risk the Group's research and development department seeks to keep up with the latest developments in the industry.

The Group's business will expose it to potential product liability risks and criminal and/or civil proceedings might be filed against the Group in the future by regulatory authorities, other companies and third parties. If such claims cannot be successfully defended this could lead to substantial liabilities and/or reputational

harm. Whilst the Group maintains insurance at a level it believes appropriate against certain risks commonly insured in the industry there can be no guarantee that the limits or coverage are sufficient or that it can be maintained in the future.

The Group faces competitive threats

The Group is engaged in business activities where there are a number of competitors. Many of these competitors are larger and have access to greater financial, technical and marketing resources than the Group. The Group's future success will depend in part upon the Group's ability to retain its competitive position in the market. The Group may also face competition from new or existing companies that have greater research, development, marketing, financial and personnel resources than the Group. Technologies and products developed by the Group may have a shorter commercial life than anticipated, if any, due to the invention or development of more successful technology or applications by competitors who may have greater financial, marketing, operational and technological resources than the Group.

The Group's capital expenditure requirements may be more than anticipated

The capital expenditure required by the Group may be more than currently anticipated. The Group has planned significant organic growth and there is a risk that the amounts that the Group anticipates will be needed to fund such growth will be insufficient, that the anticipated timing of such investment may prove incorrect, or that the Group may be unable to generate cash from its operations or raise amounts in addition to funds raised from the Group's primary offering to fund future required capital development. The Group may not be able to generate revenues at the times targeted. Costs may be greater than planned, or timings may vary from those targeted. Any delay to the expected delivery of machinery for the contract manufacturing business may adversely impact the ability of the Group to deliver its growth plans.

The Group may require additional financing in the future

The Group expects to incur significant expenses in connection with the expansion of its business. The Group's future capital requirements will depend on many factors, including its ability to maintain and expand its customer base, product base, sales, cash flow, control of costs and the rate of market acceptance of its products. Some factors are outside of the Group's control. In the future, the Group may require additional funds and may attempt to raise additional funds through equity or debt financings or from other sources if the Board considers it appropriate to do so. Any additional equity financing may be dilutive to holders of Ordinary Shares, particularly if they are unable to participate in such fundraising. Any debt financing, if available, may require assets of the Group to be secured in favour of the lender, which security may be exercised if the Group is unable to comply with the terms of the debt facility agreement. This could cause restrictions to be placed on the Group's future financing and operating activities. There is no guarantee that additional debt or equity finance will be available on acceptable terms, if at all, which may have a material adverse impact on the Group's financial condition, business, operating results and prospects.

Regulatory risk

The Group's research, development and manufacturing activities are subject to regulation by government and regulatory agencies both in the UK and abroad. Of particular importance is the requirement to obtain and maintain approval for the Company's processes to ensure compliance with standards ISO 9001:2015 governing quality management systems generally, ISO 13485:2016 governing quality management systems for medical devices and related services required to meet customer and applicable regulation and GMP 21CFR820 covering FDA requirements for the design, development and manufacture of lateral flow devices, and device readers for in vitro diagnostic medical use.

The Group has a dedicated regulatory team whose responsibilities include managing its Quality processes. There is, however, no guarantee that the Group's activities will continue to conform with the relevant standards, in which case the Group's ability to operate its manufacturing facilities would be adversely affected. In addition, the Group may face new regulatory costs and challenges that could have an adverse effect on its operations. The regulatory framework applicable to the Group's operations and the development can change at any time, for example as a result of political decisions. Any changes to the regulatory framework could have a material impact on the Group's plans and development strategy.

IP rights enforcement

The Group may incur significant costs as a result of Intellectual Property (“IP”) disputes. If the Group is unable to obtain, maintain, defend or enforce the IP rights covering its products, as well as the IP arising from its discoveries, third parties may be able to make, dispose (or offer to dispose) of, use, import or keep products that would otherwise infringe the Group’s IP rights and may affect its ability to compete in the market. The Group cannot guarantee the degree of future protection that it will have in respect of its products, as well as the IP arising from its discoveries.

Competitors may infringe the Group’s patents and other IP rights. To counter infringement or unauthorised use, the Group may be required to file infringement claims, which can be expensive and time consuming. In addition, in an infringement proceeding, a court may decide that a patent or other IP rights of the Group is invalid, unenforceable, and/or has not been infringed. An adverse result in any litigation or defence proceedings could put one or more of the Group’s IP rights at risk of being invalidated or interpreted narrowly and could put any outstanding patent applications at risk of not being issued and give rise to an inability to manufacture, market or sell products either at all or in particular territories using existing trademarks and/or particular technology. This could have a material adverse effect on the Group’s business, prospects, financial condition and results of operations.

Where the Group has given assurances to customers that its products do not infringe proprietary rights of third parties, any such infringement might also expose the Group to liabilities to those customers. Even claims without merit could deter customers and have a detrimental effect on the Group’s business. Further, there can be no assurance that others have not developed or will not develop similar products, duplicate any of the Group’s products. Others may hold or receive patents which contain claims having a scope that covers products developed by the Group irrespective of whether patents are issued.

The laws of some of the countries in which the Group’s products are or may be sold may not protect the Group’s products and IP to the same extent as other countries such as the United States or in the European Union, if at all. The Group may also be unable to protect its rights in trade secrets, trade marks, know-how and unpatented proprietary technology in certain countries.

In addition, the Group utilises IP from third parties under the terms and conditions of sub-contractors and other suppliers. Whilst the Group seeks to enter into contractual terms that protect access to such IP, the loss of such IP could prevent the Group from marketing and selling the affected products which could have a material adverse effect on the Group’s business, prospects, financial condition and results of operations.

Any such litigation, defence or similar proceedings involving the Group such as set out above could be costly, time consuming and divert the time and focus of senior management time away from the Group’s operations as well as give rise to an obligation on the Group to pay potentially significant third party costs and damages.

Operational risk

As well as risks relating to IP enforcement and regulation as set out immediately above, the Group’s financial performance will be subject to a wide array of other operational risks, including the risk of legal non-compliance and risks to data integrity. The Group may be subject to other disputes, claims and complaints, including adversarial actions, by customers, employees, suppliers, insurers and others in the ordinary course of business. In addition, adverse legal publicity or substantial litigation against the Group could negatively impact its reputation, even if the Group is not found liable, which could also adversely impact the Group’s business, prospects, results of operations and financial condition.

Customer contracts

Certain of the Group’s contracts with customers are not subject to any limit or cap. If the Group were to be in breach of these agreements then, because there is no limit or cap on its liability under it, the consequences of such breach could be significant.

Trade secrets, confidential information and proprietary know-how

The Group relies on trade secrets, confidential information and proprietary know-how, which it seeks to protect, in part, through confidentiality and proprietary information agreements. The Group has a policy of requiring advisers, contractors and third party partners to enter into confidentiality agreements and its employees to enter into invention, non-disclosure and non-compete agreements. The Group may not be able to protect its trade secrets, confidential information and proprietary know-how adequately. There can be no assurance that such confidentiality or proprietary information agreements will not be breached, that the Group would have adequate remedies for any breach (in the event of any unauthorised use or disclosure of information, for example), or that the Group's trade secrets will not otherwise become known to or be independently developed by competitors. If any of the Group's trade secrets were to be independently developed by a competitor, the Group would have no right to prevent them, or those to whom they disclose such trade secrets, from using that technology or information to compete with the Group. In the event that any of the Group's trade secrets were to be unlawfully disclosed to a competitor or other third party, relief may not be obtained and the Group's competitive position could also be harmed. It may be possible for competitors or customers to copy one or more aspects of the products marketed by the Group or obtain information that the Group regards as proprietary. Governmental agencies or other national (or state) regulatory bodies may require the disclosure of such information in order for the Group to have the right to market a product. An agency or regulator may also disclose such information on its own initiative, or pursuant to a request under the Freedom of Information Act 2000 (or analogous legislation), if it should decide that such information is not confidential commercially sensitive information.

Joint ventures, overseas opportunities and acquisitions that the Group may pursue may be unsuccessful

The Group may consider the acquisition of other products, production facilities or businesses that either complement or expand the existing business, or may enter into joint ventures or seek to expand the Group's offering into new overseas geographies.

Any future acquisitions or joint ventures that the Group pursues may involve a number of risks, including difficulties in identifying acceptable acquisition targets, the inability to complete acquisitions or joint ventures on favourable terms and/or obtain adequate financing (on any or acceptable terms), the diversion of senior management's attention from Abingdon Health's core business, the disruption of its ongoing business, entry into markets in which the Group has limited or no experience, the inability to integrate acquisitions without substantial costs, delays or other problems, the failure to realise expected synergies and cost savings and the loss of key employees or customers of the acquired business.

Whilst the Directors believe there exists a viable overseas market for the Group's products, there can be no guarantee that this is the case prior to entry into such markets.

Risk management procedures

Although the Directors believe that the Group's risk management procedures are adequate, the methods used to manage risk may not identify or anticipate current or future risks or the extent of future exposures, which could be significantly greater than historical measures indicate. Risk management methods depend on the evaluation of information regarding markets or other matters that are publicly available or otherwise accessible to the Group. Failure (or the perception that the Group has failed) to develop, implement and monitor the Group's risk management policies and procedures and, when necessary, pre-emptively upgrade them could give rise to reputational and trading issues which could have a material adverse effect on the Group's business, prospects, results of operations and financial condition.

The Group is subject to customary risks associated with leasing manufacturing sites

All of the Group's manufacturing sites are leased or licensed from third parties. Therefore, the Group is subject to risks associated with periodically negotiating or re-negotiating lease terms. When the Group renews expiring leases, it may have to compete for facilities with other operators, some of which are substantially larger than the Group and have greater economic and financial assets. The Group's ability to maintain its existing lease terms or to renew any lease on favourable terms will depend on many factors which are outside of the Group's control, including the local market and relationships with current and prospective landlords.

Any inability to renew existing leases may result in, *inter alia*, significant disruption to the Group's business or failure to secure suitable alternative locations. Any of these events affecting the Group's facilities could have a material adverse impact on its business, results of operations and financial condition.

RISKS RELATING TO THE MARKETS IN WHICH THE GROUP OPERATES

Economic conditions and current economic weakness

The Group may be affected by general market trends which are unrelated to the performance of the Group itself. Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's services. A more prolonged economic downturn may lead to an overall decline in the volume of the Group's sales, and have a detrimental effect on the overall results of the Group.

The Group's operations could be adversely affected by the effects of health epidemics, including the current Covid-19 pandemic, in regions where the Group or third parties on which it relies have significant manufacturing facilities or other business operations

The Group's business could be adversely affected by health epidemics in regions where it has business operations, and could cause significant disruption in the operations of third parties upon whom it relies.

Whilst the current Covid-19 pandemic has presented significant opportunities to the Group, this could also materially affect the Group's operations, including at its current manufacturing sites as well as the business or operations of other third parties with whom it conducts business.

A spread of such diseases amongst the employees of the Group, as well as any quarantines affecting the employees of the Group or the Group's facilities, may reduce the ability of the Group's personnel to carry out their work. The Group or third parties with which it contracts may require employees to temporarily work from home, which could adversely impact the productivity of the Group's workforce or the workforce of third parties on which the Group relies. In addition, the planned establishment of a US manufacturing operation may be affected by the Covid-19 pandemic.

The current pandemic and any possible future outbreaks of viruses may have an adverse effect on the Group's suppliers and/or transportation companies, resulting in a shortage of production inputs necessary for the Group to carry out its operations or an inability to deliver finished product to customers. Any quarantines or spread of viruses may affect the ability of the customers of the Group to carry out their operations, which may adversely affect sales.

The spread of Covid-19, which has caused a broad impact globally, may materially adversely affect the Group economically. While the potential economic impact brought by, and the duration of, Covid-19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing the Group's ability to access capital, which could in the future negatively affect its liquidity. In addition, a recession or market correction resulting from the spread of Covid-19 could materially affect the Group's business and the value of the Ordinary Shares.

The global pandemic of Covid-19 continues to rapidly evolve. The ultimate impact of the Covid-19 pandemic or a similar health epidemic is highly uncertain and subject to change. The full extent of potential delays or impacts on the Group's business, healthcare systems or the global economy as a whole is not yet known with any certainty. However, such effects could have a material impact on the Group's business, operating results, financial condition and prospects.

Force Majeure

The Group's operations now or in the future may be adversely affected by risks outside the control of the Group including labour unrest, civil disorder, hostilities, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Taxation

Any change in the Group's tax status or in taxation legislation (including treaties, legislation, regulations and case law) or its interpretation, application or enforcement of such laws by courts, tribunals or tax authorities, in each case in any jurisdiction in which the Group operates, could affect the Group's financial conditions and results and its ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Group and its investors are based upon current tax law and practice which is subject to change.

Any change in legislation and in particular tax status or tax residence of the Group or in tax legislation may have an adverse effect on the returns available on an investment in the Group.

The Group has historically been eligible for tax relief for qualifying research and development expenditure in the United Kingdom. It is anticipated that each Group entity will, where available, continue to claim such relief. However, the tax laws and regulations in the United Kingdom (including treaties, legislation, regulations and case law), or the interpretation, application or enforcement of such laws by courts, tribunals or tax authorities, may be subject to change (in each case possibly with retroactive effect). As a result, the Group may not, or may not in the future, be eligible for research and development tax relief in the United Kingdom, which could have a negative effect on the Group's profit after tax and cash flow.

Legislation and Compliance

This document has been prepared on the basis of current legislation, rules and practice and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. There can be no assurance that future legislation, rules and practice will not adversely affect the business or financial condition of the Group.

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and the Group's business

On 31 January 2020, the United Kingdom left the European Union on the terms of a withdrawal agreement (the "Withdrawal Agreement"). The Withdrawal Agreement sets out the arrangements for the United Kingdom's withdrawal from the European Union, and includes the transitional arrangements that govern the U.K.-E.U. relationship during a transition period from 31 January 2020 to 31 December 2020 (the "Transition Period"). During the Transition Period, the United Kingdom is treated, for most purposes, as if it were still an E.U. member state, and provides a short standstill period of continuity whilst the United Kingdom and the European Union negotiate the terms of agreements governing the U.K.-E.U. relationship after 31 December 2020. The fact that no such agreements have yet been reached has created significant uncertainty about the future relationship between the United Kingdom and the European Union, particularly given that the future relationship cannot replicate the United Kingdom's status as an E.U. member state.

Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which European Union-derived laws and regulations to replace or replicate as part of the negotiation of the future U.K.-E.U. relationship, including financial laws and regulations, tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws and employment laws, could decrease foreign direct investment in the United Kingdom, increase costs, depress economic activity and restrict the Group's access to capital.

Currency Risk

The Group expects to present its financial information in pounds sterling, although part of its business may be conducted in other currencies. As a result it will be subject to foreign currency exchange risks due to exchange rate movements, which will affect the Group's transaction costs and the translation of its results.

In addition, currency exchange rates in the pound sterling and the euro with respect to each other and the U.S. dollar have already been adversely affected by Brexit. In the event of further such fluctuations in currency exchange rates in the future, the Group's business, operating results, financial condition and prospects could be materially adversely impacted.

The Group's Ordinary Shares will be traded in pounds sterling.

GENERAL RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES

Investment Risks

An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to the investment, and who have sufficient resources to be able to bear any losses that may arise therefrom (which may be the whole amount invested). Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a major part of an investment portfolio. Investors should not consider investing in the Ordinary Shares unless they already have a diversified investment portfolio.

Prospective investors should be aware that the value of an investment in the Group may go down as well as up and investors may therefore not recover or may lose all of their original investment. In addition, the price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Group, and others of which are extraneous. These factors could include the performance of the Group's business, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory or taxation changes, general economic and political conditions and interest and inflation rate variations. The value of the Ordinary Shares may therefore fluctuate and not reflect their underlying asset value.

The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which may be out of the Group's control

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which are beyond the Group's control, including: general business, political, social and economic conditions; variations in operating results in the Group's reporting periods; changes in financial estimates by securities analysts; poor stock market conditions affecting companies engaged in the same sector; additions or departures of key personnel; announcements by the Group or its competitors; acquisitions or joint ventures entered into by any of the Group's companies; any shortfall in turnover or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares, regardless of the Group's performance.

Suitability of the Ordinary Shares as an investment

The Ordinary Shares may not be a suitable investment for all the recipients of this document. Before making a final decision, Shareholders and other prospective investors are advised to consult an appropriate independent financial adviser authorised under the FSMA if such Shareholder or other prospective investor is resident in the UK or, if not, from another appropriately authorised independent financial adviser who specialises in advising on acquisitions of shares and other securities.

The value of the Ordinary Shares, and the income received from them, can go down as well as up and Shareholders may receive less than their original investment. In the event of a winding-up of the Group, the Ordinary Shares will rank behind any liabilities of the Group and therefore any return for Shareholders will depend on the Group's assets being sufficient to meet the prior entitlements of creditors.

Future sales of Ordinary Shares

Shareholders may sell their Ordinary Shares in the public or private market and the Group may undertake a public or private offering of Ordinary Shares. The Group cannot predict what effect, if any, future sales of Ordinary Shares will have on the market price of the Ordinary Shares. If the Group's existing shareholders were to sell, or if the Group was to issue a substantial number of shares in the market, the market price of the Ordinary Shares could be materially adversely affected. Sales by the Group's existing Shareholders could also make it more difficult for the Group to sell equity securities in the future at a time and price that it deems appropriate.

The Group's ability to pay dividends in the future is not certain

The Group does not intend to pay a dividend and cannot guarantee that it will have sufficient cash resources to pay dividends in the future. The declaration, payment and amount of any future dividends of the Group are subject to the discretion of the Shareholders, or in the case of interim dividends to the discretion of the Directors, and will depend upon, amongst other things, the Group's earnings, financial position, cash requirements, availability or profits, any dividends and profits that it receives from its subsidiary companies, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

Further issuances of Ordinary Shares may be dilutive

The Companies Act 2006 provides for pre-emptive rights to be granted to shareholders in the Group, unless those rights are disapplied by a special resolution in accordance with the Company's articles of association. The Group may decide to offer additional shares in the future for capital raising or other purposes. If the rights mentioned above are disapplied, or if Shareholders do not take up their rights to subscribe for further ordinary Shares under a pre-emption offer, existing Shareholders' proportionate ownership interest in the Group will be diluted. In addition, a further issue of Ordinary Shares by the Group, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest and the proportionate voting interest of those Shareholders that do not participate in that additional issue.

In addition, the securities laws of certain jurisdictions may restrict the Company's ability to allow the participation of Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise those rights unless either the rights and the Ordinary Shares are registered under the US Securities Act, or the rights and the Ordinary Shares are offered pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act. Any Shareholder who is unable to participate in future equity offerings may suffer dilution.

Valuation of Ordinary Shares

Before Admission, there has been no prior public market for the Ordinary Shares. The Placing Price has been determined by the Group and may not relate to the Group's net asset value, net worth, or any established criteria or value. Although application has been made for the Ordinary shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be materially and adversely affected.

Conditionality of the Placing

The Placing is conditional, *inter alia*, upon the Placing Shares having being allotted, Admission becoming effective and the Placing Agreement becoming unconditional in all respects. In the event that certain conditions to which Admission is subject are not satisfied or, if capable of waiver, waived, then Admission will not occur.

Market Perception

Market perception of the Group and/or the Group may change, potentially affecting the value of investor's holdings and the ability of the Group to raise further funds by the issue of further Ordinary Shares or otherwise.

The Ordinary Shares will not be admitted to the Official List

The Ordinary Shares will be traded on AIM and will not be admitted to the Official List or admitted to trading on the London Stock Exchange's main market for listed securities. Neither the FCA nor the London Stock Exchange have examined or approved the contents of this document. The AIM market is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than those of the Official List and an investment in Ordinary Shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. Although the Group is applying for the admission of its Enlarged Share Capital

to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. In addition, the market in Ordinary Shares on AIM may have limited liquidity, making it more difficult for an investor to realise its investment than might be the case in respect of an investment in shares which are quoted on the London Stock Exchange's main market for listed securities. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than the market prices of shares quoted on the London Stock Exchange's main market for listed securities and may not reflect the underlying value of the net assets of the Group. For these and other reasons, investors may not be able to sell at a price which permits them to recover their original investment.

Risks relating to EIS and VCT relief

The Company has applied for advance assurance from HMRC that, subject to the receipt of a satisfactory compliance statement from the Company, HMRC would be able to authorise the Company to issue "compliance certificates" under the EIS Legislation for the purposes of enabling qualifying individual investors to apply for EIS Relief in respect of their subscription for Ordinary Shares. This advance assurance is expected to apply only in relation to the EIS Shares. The Company also applied for advance assurance that the EIS Shares will be "eligible shares".

The HMRC advance assurance in connection with EIS was sought on the basis of the legislation as enacted at the date that the advance assurances and confirmation were given, and on the basis of the facts set out in the application made to HMRC. In the event of any change to the legislation, any alteration to the Company's position or the rights attaching to the EIS/VCT Shares, or if HMRC were to consider that all material facts were not set out in the application, the advance assurances and knowledge-intensive company confirmation given by HMRC may not apply.

The advance assurance in respect of EIS relates only to the requirements in the EIS Legislation that relate to the Company and the EIS Shares, and will not guarantee that any particular investor will be able to obtain EIS Relief in respect of a subscription for EIS Shares in the Placing. The availability of EIS Relief and the status of the relevant EIS Shares as a qualifying holding for VCT purposes will be conditional on (amongst other things) the Company and the investor both continuing to satisfy the relevant requirements, under the EIS Legislation, throughout, broadly, the period of three years from the date of issue of the relevant EIS Shares. Neither the Company, the Board nor the Company's advisers represent, warrant or undertake that the Company or the EIS/VCT Shares will comply with the requirements of the EIS Legislation at or following the EIS/VCT Placing, that investors will be able to obtain EIS Relief in respect of their subscription for EIS Shares, or that in due course such EIS Relief will not be withdrawn.

Circumstances may arise (which may include the sale of the Company) where the Board believes that the interests of the Company are not best served by acting in a way that preserves VCT qualifying status, or ensures that the Company and/or the EIS/VCT Shares will continue to meet the conditions for EIS Relief. In such circumstances, the Company and the Board cannot undertake to conduct the activities of the Company in a manner designed to preserve any such relief or status. Should the relevant legislation regarding the EIS or VCTs change then eligibility for EIS Relief or qualifying status for VCT purposes previously obtained may be lost.

Any person seeking to obtain EIS Relief or VCT Relief should consult their own professional tax adviser in order that they may fully understand how the EIS Legislation and VCT Legislation applies in their individual circumstances. In particular, any such person should seek professional tax advice as to whether or not they are considered to be "independent", for the purposes of seeking EIS Relief. There is a risk that such person may consider themselves to be "independent" but HMRC does not agree with such classification.

Any investor who is an Existing Shareholder at the time of the Placing will not be eligible to claim EIS Relief on their new investment in the Company's shares.

The risk factors listed above do not necessarily comprise all those associated with an investment in the Group.

PART III
HISTORICAL FINANCIAL INFORMATION

A. ACCOUNTANT'S REPORT



The Directors
Abingdon Health plc
National Agri Food Innovation Campus
Sand Hutton
York
YO41 1LZ

11 December 2020

Nplus1 Singer Advisory LLP
One Bartholomew Lane
London
EC2N 2AX

Dear Sir or Madam

Abingdon Health plc (the “Company”) and its subsidiary undertakings (together, the “Group”)

Introduction

We report on the financial information set out in Section B of Part III. This financial information has been prepared for inclusion in the admission document dated 11 December 2020 of the Company (the “Admission Document”) on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 30 June 2018, 30 June 2019 and 30 June 2020, and of its results, cash flows and changes in equity for the accounting periods then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

B. HISTORICAL FINANCIAL INFORMATION

Consolidated Statement of Comprehensive Income

	Notes	Year ended 30 June 2020 £	Year ended 30 June 2019 £ <i>As restated</i>	18 month period ended 30 June 2018 £ <i>As restated</i>
Revenue	3	5,235,060	2,277,293	2,268,446
Cost of sales		<u>(808,941)</u>	<u>(705,383)</u>	<u>(583,090)</u>
Gross profit		<u>4,426,119</u>	<u>1,571,910</u>	<u>1,685,356</u>
Administrative expenses		(7,863,023)	(3,022,693)	(6,388,801)
Other income	4	<u>124,863</u>	<u>55,352</u>	<u>49,941</u>
Operating loss	5	(3,312,041)	(1,395,431)	(4,653,504)
Share of operating profit of joint venture		–	–	302
Other gains and losses	20	–	–	12,013,941
Finance income	8	1,621	3,476	8,677
Finance costs	9	<u>(64,349)</u>	<u>(22,430)</u>	<u>(4,385,460)</u>
(Loss)/profit before taxation		(3,374,769)	(1,414,385)	2,983,956
Taxation credit	10	<u>1,135</u>	<u>154,308</u>	<u>485,584</u>
(Loss)/profit for the financial year/period		<u>(3,373,634)</u>	<u>(1,260,077)</u>	<u>3,469,540</u>
Other comprehensive income for the year/period net of tax		–	–	–
Total comprehensive income for the period attributable to equity holders of the parent company		<u>(3,373,634)</u>	<u>(1,260,077)</u>	<u>3,469,540</u>
Basic EPS (pence)	12	<u>(22.02p)</u>	<u>(9.58p)</u>	<u>121.37p</u>
Diluted EPS (pence)	12	<u>(22.02p)</u>	<u>(9.58p)</u>	<u>121.37p</u>

Consolidated Statement of Financial Position

		30 June 2020 £	30 June 2019 £ <i>As restated</i>	30 June 2018 £ <i>As restated</i>
	<i>Notes</i>			
Non-current assets				
Goodwill	13	763,143	3,742,411	3,742,411
Other intangible assets	13	15,732	779,512	861,320
Property, plant and equipment	14	3,005,792	552,308	606,976
Deferred tax asset	23	–	14,944	11,024
Total non-current assets		<u>3,784,667</u>	<u>5,089,175</u>	<u>5,221,731</u>
Current assets				
Inventories	17	779,346	406,414	389,166
Trade and other receivables	18	1,874,753	759,936	299,645
Income tax debtor		140,940	206,591	534,707
Cash and cash equivalents		4,388,241	866,152	476,909
Total current assets		<u>7,183,280</u>	<u>2,239,093</u>	<u>1,700,427</u>
Total assets		<u>10,967,947</u>	<u>7,328,268</u>	<u>6,922,158</u>
Current liabilities				
Trade and other payables	19	3,447,101	724,896	525,579
Borrowings	20	3,317,580	13,000	13,000
Obligations under leases	21	221,278	106,639	115,029
Total current liabilities		<u>6,985,959</u>	<u>844,535</u>	<u>653,608</u>
Non-current liabilities				
Borrowings	20	229,167	–	–
Obligations under leases	21	1,003,441	396,981	455,400
Total non-current liabilities		<u>1,232,608</u>	<u>396,981</u>	<u>455,400</u>
Total liabilities		<u>8,218,567</u>	<u>1,241,516</u>	<u>1,109,008</u>
Net assets		<u>2,749,380</u>	<u>6,086,752</u>	<u>5,813,150</u>
Equity attributable to equity holders of the Company				
Share capital	25	15,323	15,323	11,407
Share premium account	25	13,195,190	13,195,190	11,699,106
Share based payment reserve	26	69,941	33,679	–
Retained earnings		(10,531,074)	(7,157,440)	(5,897,363)
Total equity		<u>2,749,380</u>	<u>6,086,752</u>	<u>5,813,150</u>

Consolidated Statement of Changes in Equity

	<i>Share Capital</i> £	<i>Share premium account</i> £	<i>Share based payment reserve</i> £	<i>Retained earnings</i> £	<i>Total equity attributable to owners of the parent</i> £
As at 1 January 2017 (as restated for adoption of IFRS 16)	7,005	10,171,934	99,974	(10,392,352)	(113,439)
Period ended 30 June 2018:					
Profit and loss	–	–	–	3,469,540	3,469,540
Total comprehensive income for the year	–	–	–	3,469,540	3,469,540
Issue of share capital	1,549	537,395	–	–	538,944
Share option expenses	–	–	925,475	–	925,475
Debt-to-equity conversion – share issue	2,853	989,777	–	–	992,630
Forfeit of share options	–	–	(1,025,449)	1,025,449	–
Balance at 30 June 2018	11,407	11,699,106	–	(5,897,363)	5,813,150
Year ended 30 June 2019:					
Profit and loss	–	–	–	(1,260,077)	(1,260,077)
Total comprehensive income for the year	–	–	–	(1,260,077)	(1,260,077)
Issue of share capital	3,916	1,496,084	–	–	1,500,000
Share option expenses	–	–	33,679	–	33,679
Balance at 30 June 2019	15,323	13,195,190	33,679	(7,157,440)	6,086,752
Year ended 30 June 2020:					
Profit and loss	–	–	–	(3,373,634)	(3,373,634)
Total comprehensive income for the year	–	–	–	(3,373,634)	(3,373,634)
Share option expenses	–	–	36,262	–	36,262
Balance at 30 June 2020	15,323	13,195,190	69,941	(10,531,074)	2,749,380

Consolidated Statement of Cash Flows

		Year ended 30 June 2020 £	Year ended 30 June 2019 £ <i>As restated</i>	18 month period ended 30 June 2018 £ <i>As restated</i>
	Notes			
Cash flows from operating activities:				
(Loss)/Profit for the year		(3,373,634)	(1,260,077)	3,469,540
<i>Adjustments for:</i>				
Other income	4	(124,863)	(55,352)	(49,914)
Finance (income)/costs		62,728	18,954	4,376,783
Loan notes extinguished		–	–	(12,013,941)
Tax credit		(1,135)	(154,308)	(485,584)
Amortisation and impairment of intangible assets	13	3,897,989	139,144	341,526
Share based payments		36,262	33,679	925,475
Depreciation of property, plant and equipment	14	222,314	150,003	339,214
(Profit)/loss on disposal of property, plant and equipment	14	–	(13,500)	963
Impairment of fixed asset investments	15	–	–	167,043
<i>Changes in working capital:</i>				
Increase in inventories		(372,932)	(17,248)	(133,095)
(Increase)/decrease in trade and other receivables		(1,114,817)	(460,291)	463,586
Increase/(decrease) in trade and other payables		2,689,867	198,393	(388,109)
Cash generated/(used) by operations		1,921,779	(1,420,603)	(2,986,513)
Interest paid		(33,102)	(22,430)	(39,319)
Income taxes received		206,589	534,779	466,885
Net cash inflow/(outflow) from operating activities		2,095,266	(908,254)	(2,558,947)
Cash flows from investing activities				
Interest received		1,621	3,476	8,677
Purchase of intangible assets		(9,612)	(57,336)	(280,331)
Purchase of property, plant and equipment		(1,650,452)	(38,881)	(78,354)
Proceeds on disposal of property, plant and equipment		–	13,500	1,021
Investment in associate		–	–	(304)
Business combinations, net of cash received		(175,000)	–	–
Payment of deferred consideration		(105,000)	–	–
Net cash used in investing activities		(1,938,443)	(79,241)	(349,291)

	<i>Year ended 30 June 2020 £</i>	<i>Year ended 30 June 2019 £</i>	<i>18 month period ended 30 June 2018 £</i>
<i>Notes</i>		<i>As restated</i>	<i>As restated</i>
Cash flow from financing activities			
Proceeds from issue of own shares	–	1,500,000	538,944
Proceeds from new bank loans and borrowings	250,000	–	–
Repayment of bank loans and borrowings	–	–	(210,000)
Payment of leases obligations	(137,234)	(123,262)	(88,090)
Proceeds from issue of loan notes	3,252,500	–	1,110,000
Net cash generated from financing	<u>3,365,266</u>	<u>1,376,738</u>	<u>1,350,854</u>
Net increase in cash and cash equivalents	3,522,089	389,243	(1,557,384)
Cash and cash equivalents at beginning of the period	<u>866,152</u>	<u>476,909</u>	<u>2,034,293</u>
Cash and cash equivalents at end of the period	<u><u>4,388,241</u></u>	<u><u>866,152</u></u>	<u><u>476,909</u></u>

Note to the Cash Flow Statement

	Notes	1 January	Cashflows	Non-cash movements			30 June
		2017		New leases	Cancellation of loan notes	Equity issue	2018
Short term borrowings	20	160,117	(147,117)				13,000
Long term borrowings	20	7,595,760	1,047,117	–	(7,650,247)	(992,630)	–
Lease liabilities	21	43,653	(88,090)	614,866	–	–	570,429
Total debt		7,799,530	811,910	614,866	(7,650,247)	(992,630)	583,429
		1 July	Cashflows	New leases	Cancellation of loan notes	Equity issue	30 June
		2018					2019
Short term borrowings	20	13,000	–	–	–	–	13,000
Lease liabilities	21	570,429	(123,262)	56,453	–	–	503,620
Total debt		583,429	(123,262)	56,453	–	–	516,620
		1 July	Cashflows	New leases	Cancellation of loan notes	Accrued interest	30 June
		2019					2020
Short term borrowings	20	13,000	3,273,333	–	–	31,247	3,317,580
Long term borrowings	20	–	229,167	–	–	–	229,167
Lease liabilities	21	503,620	(137,234)	858,333	–	–	1,224,719
Total debt		516,620	3,365,266	858,333	–	31,247	4,771,466

The inception of new lease contracts with value £435,829 (2019 - £56,453, 2018 - £614,866) was a major non-cash transaction in the year. In addition, during 2020 new leases were recognised with a value of £422,504 as a result of the business combination described in note 16.

On 11 May 2018 the Group completed a refinancing and all £7,110,000 of outstanding loan notes were converted into 2,853,204 ordinary shares. Under the terms of the refinancing, all accrued interest was waived by the loan note holders.

Notes to the Financial Information

1. Accounting policies

Company information

Abingdon Health Ltd (“the Company”) is a limited company domiciled and incorporated in England and Wales. The registered office is York Biotech Campus, Sand Hutton, York, YO41 1LZ. The consolidated financial information incorporate the financial information of the Company and entities (its subsidiaries) controlled by the Company (collectively comprising the “Group”).

The principal activity of the Group is to develop, manufacture and distribute diagnostic devices and provide consultancy services to businesses in the diagnostics sector.

1.1 **Accounting convention**

This historical financial information presents the financial track record of the Group for the three financial periods ended 30 June 2020 and is prepared for the purposes of admission to the Alternative Investment Market (“AIM”) operated by the London Stock Exchange. This special purpose financial information has been prepared in accordance with the requirements of the AIM Rules for Companies, in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”) as applicable to companies reporting under IFRS.

The Financial information is presented in sterling, which is also the Group’s functional currency. All amounts are rounded to the nearest £1 unless stated otherwise.

The Financial Information does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group’s statutory financial statements for the 18 months ended 30 June 2018 and the year ended 30 June 2019 were prepared in accordance with IFRS. The financial statements for these periods have been delivered to the Registrar of Companies. The auditors’ reports on these financial statements were unqualified, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The auditor’s report on the 18 months ended 30 June 2018 did not draw attention to any matters by way of emphasis. The auditor’s report on the year ended 30 June 2019, which was not qualified, contained an emphasis of matter in respect of a material uncertainty relating to going concern (further details of which can be found in section 20 of part IV of this admission document).

The principal accounting policies adopted in the preparation of the consolidated financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group’s accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

1.2 **Basis of consolidation**

The Group financial information consolidates those of the Company and the subsidiaries that the Company has control of. Control is established when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Where a subsidiary undertaking is acquired/disposed of during the year, the consolidated profits or losses are recognised from/until the effective date of the acquisition/disposal.

All inter-company balances and transactions between group companies have been eliminated on consolidation.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that are not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interest based on their respective ownership interests.

The Group applies the acquisition method of accounting for business combinations enacted after the date of creation of the Group following incorporation of Abingdon Health Ltd, as detailed further below. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiary's financial information prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the fair value of consideration transferred, over the Group's share of the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Entities other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence, are treated as associates. In the consolidated financial statements, associates are accounted for using the equity method.

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

1.3 **Going concern**

In preparing this historical financial information, the directors have considered the principal risks and uncertainties facing the business, along with the Company's objectives, policies and processes for managing its exposure to financial risk. In making this assessment the directors have prepared cash flows for the foreseeable future, being a period of at least 12 months from the expected date of approval of the financial statements.

Despite the financial uncertainties created across the globe by the Covid-19 pandemic, the Group is in the unusual position of being a substantial beneficiary of this through its expertise in the biotechnology sector through Lateral Flow Assay development and manufacture at scale. The pandemic provided an opportunity to lead a UK consortium to develop, manufacture and deploy testing kits through a substantial contract, and this is a critical part of its expansion and growth plans. However, the significant growth expected as a result of this and complementary contracts has necessitated a material increase in the Group's cost base, through increased staff costs and investment to fulfil this contract. Such costs typically fall in advance of the associated revenue streams and as such the Group risks suffering from short term working capital strain that may need to be covered through further funding, albeit its receivable recovery days are typically small thus the Directors do not consider this of high probability.

In order to mitigate against this, the Group agreed with the DHSC that it would receive support in the procurement of raw materials to manufacture the finished goods. The Group has received nearly

£1 million of cash up front for this contract, which is shown as a contract liability in note 19. Funding in the form of convertible loan notes have also been secured as shown in note 20. These are expected to cover the Group's cashflow requirements for at least 6 months, in absence of any further revenues or funding; such revenues are expected although the timing of these do fall outside the control of the directors.

This financial information is provided for the purpose of obtaining a listing on AIM, as explained in note 1.1. As part of this listing the Group plans to obtain a very substantial cash injection from the issue of new equity share capital; once this has been secured, the Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group will be sufficient for its present requirements for at least the next twelve months from the date of admission to AIM.

Cash would be monitored beyond this date and, in the event that projected revenues and/or growth does not flow through as expected, there is capacity in the business plan to adjust discretionary development spending so as to protect the Group's cash in the medium term, although any such decisions would be made on a strategic basis with an eye on development lead times and the wider marketplace. As Covid-19 has shown, the wider world can create unforeseen events which may present challenges or opportunities, but the directors consider the business is agile enough to respond to these appropriately.

As such, this historical financial information is presented on the going concern basis of accounting, on the assumption that the Group's proposed AIM listing is successful.

While the key contracts that have been signed are forecast to be profitable the timing of cash flows required to service the contracts does result in a potential forecast funding gap over the next 12 months should the anticipated AIM listing not proceed as planned. By its nature, at the time of approval of the financial information, there is an inherent risk that the AIM listing will not be successful, which might occur for a number of reasons. In this case, the Group will not achieve funding in the form of new equity share capital and so the cash position of the Group would be substantially diminished in comparison to the forecasts and therefore may require additional funding from alternative sources. The risk of not achieving the AIM listing therefore presents a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

While they consider this scenario unlikely the directors have identified other possible sources of finance and contingency plans should this occur which could be progressed. However at the point of approval of the financial information these plans are uncertain and dependent on external funders.

On the bases noted above the directors consider that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include the adjustments that would be necessary if the Group and Company are unable to continue as a going concern.

1.4 **Revenue**

The Group applies IFRS 15 'Revenue from contracts with customers'. Under IFRS 15, the Group applies the 5-step method to identify contracts with its customers, determine performance obligations arising under those contracts, set an expected transaction price, allocate that price to the performance obligations, and then recognises revenues as and when those obligations are satisfied.

Clinical sales and Product sales

Goods are supplied under contracts where the key performance criteria for the Group are the manufacturing and delivery of the products. The fair value of the revenue, being the price per unit net of volume discounts and sales taxes, are recognised as revenue at the point of transfer of control to the customer, which is typically on dispatch from the Group's premises.

Technical consultancy and Contract services

Although technical consultancy services typically cover a period of several weeks or months, the pricing of this is typically set on a day rate as opposed to any milestone or percentage of completion approach. As such, the performance obligations are considered to be availability of staff to fulfil each day's work, as opposed to the overall contract qualifying as a long-term contract.

Revenues are therefore recognised on the day that each member of staff have been utilised, at the day rate agreed on that particular contract. As the contracts typically involve the transfer of knowledge, and as any intellectual property created is owned by the customer, the directors do not consider that there is any deferred element to the provision of staff.

A contract liability does, however, arise where services are invoiced in advance of performance, or where a customer makes payment in advance of an invoice being raised and work being performed. The amount is released to the profit or loss in subsequent periods in reference to utilisation of staff. A contract receivable arises where services are performed and a sales invoice is not raised before the reporting period end.

1.5 **Research and development expenditure credits**

Where the Group receives research and development expenditure credits (“RDEC”) it accounts for these as government grant income within operating income as it more closely aligns with grant income as opposed to a taxation credit. The income is recognised on the performance model under IAS 20 ‘Accounting for Government Grants and Disclosures’.

1.6 **Inventory**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 **Intangible fixed assets - goodwill**

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. See note 13 for information on how goodwill is initially determined. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for annually for indications of impairment. See note 13 for a description of impairment testing procedures.

1.8 **Intangible fixed assets other than goodwill**

Intangible assets are initially measured at cost. Where intangible assets are acquired as part of a business combination, cost is determined by reference to a fair value estimation technique as disclosed further in note 2. After initial recognition, intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed each financial period-end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly. Useful lives are typically amortised on the following basis:

Patents and Trademarks	10% straight line
Website Costs	20%-25% straight line
Development Costs	10% straight line (<i>unless accelerated as described in note 2</i>)

Amortisation is charged to administrative expenses in the Consolidated Statement of Comprehensive Income.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.9 **Property, plant and equipment**

Property, plant and equipment are recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After recognition, all property, plant and equipment are carried at costs less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Plant and machinery	20%-33% straight line
Office equipment	33% straight line
Leasehold improvements	Life of the lease

Assets under construction are capitalised at cost within the appropriate category as described above, but are not depreciated until completed and brought into use.

The residual value and the useful life of an asset are reviewed at least at each financial period-end and if expectations differ from previous estimates, the changes are accounted for prospectively.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in profit or loss.

1.10 **Non-current investments**

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the Group has an investment and does not have significant control over are classified as non-current investments and carried at fair value through profit and loss.

1.11 **Impairment of non-financial assets**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset or cash-generating unit is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

The impairment loss is allocated to reduce the carrying amount of the asset, first against the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit *pro-rata* on the basis of the carrying amount of each asset in the unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

1.12 **Financial instruments**

Financial assets

Financial assets are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the Company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

The Group applies a forward-looking model of IFRS 9 to create an estimation of the expected credit losses arising in the next year on its financial assets, using an expectation derived from historical irrecoverable percentages as adjusted for predicted credit risk adjustments arising through forecast market changes.

If an asset is impaired, the impairment loss is the difference between the carrying value and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from

an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

The Company recognises financial debt when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

Share capital represents the nominal value of shares that have been issued.

Share premium represents the excess consideration received over share capital upon the sale of shares, less any incidental costs of issue.

Retained earnings include all current and prior period retained profits.

The non-controlling interest represents the portion of equity ownership in subsidiaries which is not attributable to the owners of the Company.

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest. Full disclosure of the calculation models is given in note 26.

1.14 **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

1.15 **Provisions**

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.16 **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 **Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 **Share-based payment**

The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest. Full disclosure of the calculation models is given in note 26.

1.19 **Leases**

The Group has initially adopted IFRS 16 Leases in the period commencing 1 July 2019, replacing the current lease guidance including IAS 17. Previously the majority of the Group's leases were accounted for as operating leases. The Group has applied the full retrospective method of adoption and has not utilised any practical expedients in determining its transitional values, and as such all financial periods presented are comparable.

Under IFRS 16 Leases are accounted for on the right of use model. The Income Statement presentation and expense recognition pattern is similar to that required for finance leases by IAS 17 previously adopted by the company. At inception, the Company assesses whether a contract contains a lease. This assessment involved the exercise of judgement about whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The Group identifies a lease as follows:

- At inception of a contract the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Group assesses whether:
 - (i) the contract involves the sole use of a specific identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
 - (ii) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
 - (iii) the Group has the right to direct the use of the asset.

This policy is applied to contracts in existence at, entered into, or changed, on or after 1 January 2017.

- As a lessee the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate relevant to the asset relating to the lease. The lessee uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise fixed payments. The Group does not make other types of payment referred to in IFRS 16 for its leases.

Generally, the lease liability represents the present value of contractual future lease payments including optional renewal periods where the Group is reasonably certain to exercise the extension option. The Group does not typically enter into purchase options or variable lease payments.

The lease liability is measured at amortised cost using the effective interest method. The Group presents right-of-use assets that do not meet the definition of investment property in ‘Property, plant and equipment’ and discloses the corresponding “Lease liability” in the statement of financial position. Short-term leases and leases of low-value assets The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets which it defines as having a purchase cost of £5,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.20 **Standards, amendments and interpretations in issue and adopted for the first time**

The current standards, amendments and interpretations have been adopted in the year and have not had a material impact on the reported results in the group’s financial statements:

- Amendments to IFRS 9 ‘Financial Instruments’ for prepayment features with negative compensation
- Amendments to IAS 28 ‘Investments in Associates and Joint Ventures’ for long term interests in associates and joint ventures
- Amendments to IAS 19 ‘Employee benefits’ for plan amendments, curtailments and settlements
- Amendments to IFRS 3 ‘Business combinations’ for previously held interests in a joint operation
- Amendments to IFRS 11 ‘Joint arrangements’ for previously held interests in a joint operation
- Amendments to IAS 12 ‘Income taxes’ for the income tax consequences of payments on financial instruments classified as equity
- Amendments to IAS 23 ‘Borrowing costs’ around borrowing costs eligible for capitalisation
- IFRIC 23 ‘Uncertainty over Income Tax Treatments’

1.21 **Standards, amendments and interpretations in issue but not yet effective**

At the authorisation of these financial statements, the Group has not applied the following new and revised standards that have been issued but are not effective yet

	<i>EU effective date – period beginning on or after</i>
Amendments to the Conceptual Framework for Financial Reporting	1 January 2020
Definition of “Material” (amendments to IAS 1 IAS 8)	1 January 2020
Interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
Definition of a Business (amendments to IFRS 3)	1 January 2020*
IAS 1 ‘Presentation of Financial Statements’: Classification of liabilities as current or non-current	1 January 2022
IFRS 17 ‘Insurance Contracts’ and subsequent withdrawal of IFRS 4 ‘Insurance Contracts’	1 January 2023*

* These standards, amendments and interpretations have not yet been endorsed by the EU and the dates shown are the expected dates.

The adoption of all above standards is not expected to have any impact on the Group’s financial statements.

2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Going concern

The accounts are prepared on the going concern basis, despite significant level of retained losses. Further explanation of this judgement is provided in note 1.3.

Right of use asset recognition

Management have assessed each lease liability for recognition under IFRS 16 and recognised a right of use asset where appropriate. Further explanation of this judgement is provided in note 1.19.

One lease includes a material component of service charge by comparison to the headline rental payments, where this service charge partially covers shared areas and facilities which would normally form part of a rental price. The directors have applied judgement in splitting this service charge into rent-like components of £24,000 per annum (which qualify for capitalisation as a right of use asset), utility fees of £103,888 per annum, and ongoing shared costs of £72,000 per annum (which the latter two do not qualify for capitalisation as a right of use asset, nor recognition as a lease liability). The lease runs for a 7 year term and the total value of rent-like components capitalised is £160,590.

Revenue recognition

In line with IFRS 15 management are required to determine appropriate revenue recognition points for all revenue streams. Disclosure of the key assumptions and judgements on this is provided in note 1.2. Where multiple contracts are entered into with a single counterparty any instalment payments are not considered to be a key indicator of the satisfaction of a performance obligation, although linked contracts with a counterparty are considered in conjunction when identifying the appropriate point for revenue recognition.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Valuation of intangible assets (Group 2020: £15,732; 2019: £779,512; 2018: £861,321)

Management judgements are required to estimate the useful lives of intangible assets, having reference to future economic benefits expected to be derived from use of the asset. Economic benefits are based on the fair values of estimated future cash flows.

In the current year management have reviewed the useful life of the capitalised development assets and have determined that the future direction of the business is likely to include a reduced focus on the assets included within the brought forward carrying value. As such, all development assets have been impaired in full.

Valuation and impairment of goodwill (Group carrying values - 2020: £763,143; 2019: £3,742,411; 2018: £3,742,411)

Goodwill is tested annually for impairment. The test considers future cash flow projections of cash-generating units that give rise to the goodwill. Where the discounted cash flows are less than the carrying value of goodwill, an impairment charge is recognised for the difference, which for the current year is shown in note 5. Further analysis of the estimates, judgements and sensitivities in the estimates are disclosed in Note 13.

Deferred tax assets (Group 2020: £nil; 2019: £14,944; 2018 – £11,024)

Management determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies and having regard to their strategic planning processes when making these judgements. Further details are contained in Note 23.

As at 30 June 2020 the Group has significant growth plans. However, the timing and value of the associated revenue and profits is not certain. In light of this, management do not consider it prudent to recognise a deferred tax asset for any losses, although any deferred tax liabilities arising have been offset against the deferred tax asset for tax losses on the basis that these balances will unwind against each other.

Share based payments

The determination of the fair values of EMI options has been made by reference to the Black-Scholes model with the inputs set out in Note 26.

IFRS 16

As part of the group's first time adoption of IFRS 16, the liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2017. All leases were discounted using an estimated incremental rate of borrowing at the time of inception of the lease, ranging between 4.10 per cent. – 4.75 per cent., with almost all leases by value relating to properties.

3. Revenue

IFRS 8, Operating Segments, requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker of the Group is considered to be the Board of Directors.

The Group has operating segments:

- Clinical sales: this comprises of the sale of Seralite products for monitoring multiple myeloma. Revenues are recognised at a point in time as the products are dispatched to customer or distributor, which is when the customer or distributor takes ownership of that product.
- Technical consultancy and Contract services: this comprises contract development and manufacturing activities. Revenues from this typically arise based on a daily consultancy as opposed to a long-term contract and as such revenue is typically recognised on the day of completion of each element of contract work. This is recognised over time, although based on defined and short periods of services being provided.
- Product Sales: this comprises the sale of Pocket Diagnostic products, PCR tests and antibodies for research use. This is recognised at a point in time.
- Other Income: being revenue for ad hoc services including revenues from EU grants. This is recognised at a point in time.

Due to the specific nature of the Group's market, each component of revenue naturally falls within one of these segments. The operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results. All assets, liabilities and revenues are located in, or derived in, the United Kingdom.

Margins, overheads and balance sheet items are not broken down into the operating segments but are reviewed on a consolidated basis as presented in the Consolidated Income Statement.

Segmental analysis of revenue (and goodwill CGU if applicable, see note 13)

	2020	2019	2018
	£	£	£
Clinical sales (Serascience)	137,659	376,300	234,007
Technical consultancy and Contract services (Abingdon Health and Forsite Diagnostics)	4,630,796	1,703,817	1,654,696
Product sales (Forsite Diagnostics)	461,605	191,676	344,766
Other income	5,000	5,500	34,977
Total revenue from contracts with customers	<u>5,235,060</u>	<u>2,277,293</u>	<u>2,268,446</u>

Revenue analysed by geographical market

	2020	2019	2018
	£	£	£
United Kingdom	4,103,340	1,381,455	1,232,245
Europe	805,627	739,575	857,754
Rest of World	326,093	156,263	178,447
	<u>5,235,060</u>	<u>2,277,293</u>	<u>2,268,446</u>

All revenue received in the current and comparative years has been recognised at a point in time in accordance with the Group's revenue recognition policy as detailed in note 1.4 and above.

4. Other income

	2020 £	2019 £ <i>As restated</i>	2018 £ <i>As restated</i>
Other income			
Research and development expenditure credit	124,863	55,352	49,941
	<u>124,863</u>	<u>55,352</u>	<u>49,941</u>

See note 10 for explanations of the restated balances in 2019 and 2018.

5. Operating costs

	2020 £	2019 £	2018 £
Operating loss for the period is stated after charging/(crediting):			
Depreciation of owned property, plant and equipment	58,615	47,549	188,714
Depreciation of property, plant and equipment held under leases	163,699	102,453	150,500
Cost of inventories recognised as an expense	808,941	655,289	541,605
Impairment of inventories	–	10,129	6,617
Research costs expensed	–	210,731	285,043
Amortisation of intangible assets	369,351	139,144	341,524
Impairment of intangible assets	<u>3,528,639</u>	<u>–</u>	<u>–</u>

Included within administrative expenses are impairment charges as follows:

	2020 £	2019 £	2018 £
Impairment of Serascience Limited (note 13)	2,979,268	–	–
Impairment of Doncaster (note 15)	145,329	–	–
Impairment of Development intangible assets (note 13)	<u>404,042</u>	<u>–</u>	<u>–</u>
	<u>3,528,639</u>	<u>–</u>	<u>–</u>

The impairment charge is explained further in note 13.

6. Auditor's remuneration

	2020 £	2019 £	2018 £
Fees payable to the Company's auditor and its associates:			
For audit services			
Audit of the financial statements of the Group and Company	<u>25,000</u>	<u>19,750</u>	<u>20,500</u>
For non-audit services			
Tax advice for the Group	<u>6,000</u>	<u>11,750</u>	<u>29,750</u>

7. Employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2020 Number	2019 Number	2018 Number
Production	21	13	12
Research	16	14	20
Management and administration	14	17	18
	<u>51</u>	<u>44</u>	<u>50</u>

Their aggregate remuneration comprised:

	2020 £	2019 £	2018 £
Wages and salaries	2,409,343	1,930,278	3,461,063
Social security costs	239,982	200,497	359,261
Pension costs	102,574	89,633	145,145
Share based payment expense	36,262	33,679	925,475
	<u>2,788,161</u>	<u>2,254,087</u>	<u>4,890,944</u>

Details of Directors' remuneration are provided in note 28.

The total cost of employee remuneration includes £nil (2019 - £57,336, 2018 - £272,388) of costs which have been on development projects, and which have accordingly been capitalised as an intangible asset, shown further in note 13.

8. Finance income

	2020 £	2019 £	2018 £
Interest income			
Bank interest receivable	1,621	3,476	8,677
	<u>1,621</u>	<u>3,476</u>	<u>8,677</u>

9. Finance costs

	2020 £	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:			
Interest on convertible loan note	31,247	–	4,346,141
Interest on leases	33,102	22,430	39,319
Total finance costs	<u>64,349</u>	<u>22,430</u>	<u>4,385,460</u>

10. Taxation

	2020 £	2019 £ <i>As restated</i>	2018 £ <i>As restated</i>
Current tax			
UK Corporation tax on profits for the current period	(16,079)	(150,388)	(486,649)
Adjustments in respect of prior periods	–	–	–
Total current tax	<u>(16,079)</u>	<u>(150,388)</u>	<u>(486,649)</u>
Deferred tax			
Origination and reversal of temporary differences	16,316	(3,920)	1,065
Impact of change in tax rates	(1,372)	–	–
Total deferred tax	<u>14,944</u>	<u>(3,920)</u>	<u>1,065</u>
Total tax credit	<u>(1,135)</u>	<u>(154,308)</u>	<u>(485,584)</u>

The credit for the period can be reconciled to the profit per the Consolidated Statement of Comprehensive Income as follows:

	2020 £	2019* £	2018* £
(Loss)/profit before taxation	<u>(3,374,769)</u>	<u>(1,414,385)</u>	<u>2,983,956</u>
Expected tax (credit)/charge based on a corporation tax rate of 19% (2019 – 19%, 2018 – 19.16%)	(641,207)	(268,733)	571,726
Tax effect of expenses that are not deductible in determining taxable profit	3,986	3,676	18,527
Depreciation on assets not qualifying for tax allowances	105,095	–	–
Impairment of goodwill	566,061	–	–
Utilisation of previously unrecognised tax losses	(237,573)	–	–
Unrecognised tax losses	204,288	174,214	820,643
Share based payments	6,890	6,399	177,321
Research and development tax credits	(6,919)	(117,551)	(190,362)
Debt for equity swap not chargeable to tax	–	–	(1,874,707)
Effect of change in local corporation tax rate	(1,372)	–	–
Other differences	(384)	47,687	(8,732)
Total tax credit	<u>(1,135)</u>	<u>(154,308)</u>	<u>(485,584)</u>

A reduction in the corporation tax rate to 17 per cent. (effective from 1 April 2020) was enacted in March 2017. On 11 March 2020 the reduction in the corporation tax rate to 17 per cent. was cancelled. These rates have therefore been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date are measured at 19 per cent. (2019: 17 per cent., 2018: 17 per cent.).

* The historical financial information for 2018 & 2019 has been restated as a result of a mathematical and disclosure error being corrected from the statutory accounts. The previous disclosure incorrectly grouped various reconciling items and presented items that should have reduced the tax charge as increasing the charge and vice versa. The total tax charge has not changed as a result of this error, only as a result of the adoption of IFRS 16 restating the Income Statement for those years.

The balances have been restated for 2018 & 2019 as a result of the Group formalising a policy to recognise RDEC income in Other Income in the P&L, which is now shown in note 4. The Directors are of the opinion that this income most closely represents government grant income, not taxation credits as previously presented.

11. Dividends

No dividends were paid any of the reporting periods.

12. Earnings per share

	2020	2019	2018
Earnings used in calculation (£)	(3,373,634)	(1,260,077)	3,469,540
Number of shares	15,323,276	13,155,816	2,858,694
Basic EPS (p)	(22.02)	(9.58)	121.37
Number of dilutable shares	26,327,095	13,443,256	2,858,694
Diluted EPS (p)	(22.02)	(9.58)	121.37

Included within the dilutable shares for 2020 only are convertible loan notes which can be converted at the option of loan note holders, on two different terms, as disclosed in note 20. In determining the number of dilutable shares, the most beneficial outcome for the holders based on recent transactions has been used.

All other dilutable, potential shares relate to share options as disclosed in note 26. A loss per share is not diluted.

13. Goodwill and other intangible assets

<i>Group</i>	<i>Goodwill</i>	<i>Patents and trademarks</i>	<i>Website</i>	<i>Development costs</i>	<i>Total</i>
	£	£	£	£	£
Cost					
At 1 January 2017	3,742,411	27,701	83,191	1,084,365	4,937,668
Additions	–	4,440	–	275,891	280,331
Disposals	–	–	–	(367)	(367)
At 30 June 2018	3,742,411	32,141	83,191	1,359,889	5,217,632
Additions	–	–	–	57,336	57,336
Disposals	–	–	–	–	–
At 30 June 2019	3,742,411	32,141	83,191	1,417,225	5,274,968
Additions	145,329	3,212	6,400	–	154,941
Disposals	–	–	–	–	–
As 30 June 2020	<u>3,887,740</u>	<u>35,353</u>	<u>89,591</u>	<u>1,417,225</u>	<u>5,429,909</u>
Amortisation and impairment					
At 1 January 2017	–	18,287	40,182	213,906	272,375
Amortisation charged for the year	–	2,816	29,596	309,114	341,526
Disposals	–	–	–	–	–
At 30 June 2018	–	21,103	69,778	523,020	613,901
Amortisation charged for the year	–	1,310	12,738	125,096	139,144
Disposals	–	–	–	–	–
At 30 June 2019	–	22,413	82,516	648,116	753,045
Amortisation charged for the year	–	2,675	1,608	365,067	369,350
Impairment	3,124,597	–	–	404,042	3,528,639
Disposals	–	–	–	–	–
At 30 June 2020	<u>3,124,597</u>	<u>25,088</u>	<u>84,124</u>	<u>1,417,225</u>	<u>4,651,034</u>
Carrying amount					
At 30 June 2020	763,143	10,265	5,467	–	778,875
At 30 June 2019	3,742,411	9,728	675	769,109	4,521,923
At 30 June 2018	3,742,411	11,038	13,413	836,869	4,603,731
At 1 January 2017	3,742,411	9,414	43,009	870,459	4,665,293

The Group tests goodwill annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill is assessed for impairment by comparing the carrying

values with the value-in-use calculation, which is determined by calculating the net present value (NPV) of future cash flows arising from the original acquired business.

The carrying amount of goodwill is indicated in the table above. The net book value of goodwill above for Forsite Diagnostics Limited amounts to £763,143 (2019: £763,143, 2018: £763,143), for Serascience Limited amounts to £nil (2019: £2,979,268, 2018: £2,979,268), Molecular Vision Limited £nil (2019: £nil, 2018: £nil), and the Doncaster acquisition described in note 16 £nil (2019: £nil, 2018: £nil).

The recoverable amount for Forsite Diagnostics Limited has been determined based on a value in use calculation using cash flow projections based on the actual results for the year ended 30 June 2020 and the detailed financial forecasts prepared by the Board covering the period to 30 June 2023, based on the expectations of management for key elements of the Group's revenue streams. Thereafter, a growth rate to terminal value of 2 per cent. (2019 – 3 per cent., 2018 – 3 per cent.) has been used along with a pre-tax discount rate of 11.0 per cent. (every year). The headroom in the impairment review is such that no reasonable sensitivities in relation to the discount rate or growth rate would result in an impairment.

The entire carrying value of Serascience Limited has been impaired in the year ended 30 June 2020, as a result of the company's ongoing performance which is driven by its products. These products have had the useful life reassessed as described in note 2 which has formed part of this decision. Further, the acquired goodwill for Doncaster has been impaired in full as this site's use has altered by the year end and its assets and processes modified such that the goodwill is not representative of the future cashflows generated from the unit.

The carrying amounts of goodwill have been assigned to the following cash-generating units:

	<i>30 June</i> <i>2020</i>	<i>Group</i> <i>30 June</i> <i>2019</i>	<i>30 June</i> <i>2018</i>
	£	£	£
Forsite Diagnostics	763,143	763,143	763,143
Serascience	–	2,979,268	2,979,268
Doncaster	–	N/A	N/A
	<u>763,143</u>	<u>3,742,411</u>	<u>3,742,411</u>

14. Property, plant and equipment

<i>Group</i>	<i>Improvements to leasehold property</i> £	<i>Plant and machinery</i> £	<i>Office equipment</i> £	<i>Right of use asset</i> £	<i>Total</i> £
Cost					
At 1 January 2017– as reported	30,331	1,041,918	110,016	–	1,182,265
Impact of IFRS 16 adoption	–	–	–	34,097	34,097
Revised at 1 January 2017	30,331	1,041,918	110,016	34,097	1,216,362
Additions – acquired	–	74,198	4,156	614,861	693,215
Disposals	–	–	(3,198)	–	(3,198)
At 30 June 2018	30,331	1,116,116	110,974	648,958	1,906,379
Additions – acquired	–	24,655	14,226	56,453	95,334
Disposals	–	(49,073)	–	(34,097)	(83,170)
At 30 June 2019	30,331	1,091,698	125,200	671,314	1,918,543
Additions – acquired	507,326	1,108,577	34,549	435,829	2,086,281
Additions – on business combination	68,229	98,784	–	422,504	589,517
Disposals	–	(19,000)	–	–	(19,000)
At 30 June 2020	<u>605,886</u>	<u>2,280,059</u>	<u>159,749</u>	<u>1,529,647</u>	<u>4,575,341</u>

<i>Group</i>	<i>Improvements to leasehold property</i> £	<i>Plant and machinery</i> £	<i>Office equipment</i> £	<i>Right of use asset</i> £	<i>Total</i> £
Depreciation and impairment					
At 1 January 2017 – as reported	14,164	863,914	77,191	–	955,269
Impact of IFRS 16 adoption	–	–	–	6,501	6,501
Revised at 1 January 2017	14,164	863,914	77,191	6,501	961,770
Depreciation charged	7,211	159,122	22,381	150,500	339,214
Eliminated in respect of disposals	–	–	(1,581)	–	(1,581)
At 30 June 2018	21,375	1,023,036	97,991	157,001	1,299,403
Depreciation charged	3,583	34,471	9,495	102,453	150,002
Eliminated in respect of disposals	–	(49,073)	–	(34,097)	(83,170)
At 30 June 2019	24,958	1,008,434	107,486	225,357	1,366,235
Depreciation charged	3,404	41,856	13,355	163,699	222,314
Eliminated in respect of disposals	–	(19,000)	–	–	(19,000)
At 30 June 2020	28,362	1,031,290	120,841	389,056	1,569,549
Carrying amount					
At 30 June 2020	577,524	1,248,769	38,908	1,140,591	3,005,792
At 30 June 2019	5,373	83,264	17,714	445,957	552,308
At 30 June 2018	8,956	93,080	12,983	491,957	606,976
At 1 January 2017	16,167	178,004	32,825	27,596	254,592

Included within improvements to leasehold properties are assets under construction with value £507,326 (2019 – £nil, 2018 – £nil), and within plant & machinery are assets under construction with value £911,801 (2019 – £nil, 2018 – £nil). These assets are connected with capital commitments as disclosed in note 27. The assets are not depreciated until brought into use.

15. Investments

<i>Movements in investment - Group</i>	<i>Joint Venture</i> £	<i>Associates</i> £	<i>Other investments</i> £	<i>Total</i> £
Share of net assets				
At 1 January 2017	(304)	167,043	–	166,739
Additions	304	–	–	304
Disposals	–	–	–	–
At 30 June 2018	–	167,043	–	167,043
Additions	–	–	–	–
Disposals	–	–	–	–
At 30 June 2019	–	167,043	–	167,043
Additions	–	–	–	–
Transfers	–	(167,043)	167,043	–
At 30 June 2020	–	–	167,043	167,043

<i>Movements in investment - Group</i>	<i>Joint Venture</i>	<i>Associates</i>	<i>Other investments</i>	<i>Total</i>
	£	£	£	£
Impairment				
At 1 January 2017	–	–	–	–
Impairment during the period	–	167,043	–	167,043
At 30 June 2018	–	167,043	–	167,043
Impairment during the period	–	–	–	–
At 30 June 2019	–	167,043	–	167,043
Provisions for impairment	–	–	–	–
Transfer during the period	–	(167,043)	167,043	–
At 30 June 2020	–	–	167,043	167,043
Carrying amount				
At 30 June 2020	–	–	–	–
At 30 June 2019	–	–	–	–
At 30 June 2018	–	–	–	–
At 1 January 2017	(304)	167,043	–	167,043

The Company held 35 per cent. of the shares of Linear Diagnostics Limited, its associate. Linear Diagnostics is an early stage diagnostic technology company. As a result of uncertainty about the commercial potential of Linear Diagnostics' technology, the Company has written down the value of its investment £167,043 and loans £176,197 to Linear Diagnostics to £nil.

Details of subsidiaries are included in Note 30.

Summarised Associate Financial Information – Linear Diagnostics Limited

	2020	2019	2018
	£	£	£
Non-current assets	N/A	315,083	1,036
Current assets	N/A	26,584	102,450
Current liabilities	N/A	(99,458)	(23,193)
Non-current liabilities	N/A	(924,584)	(763,360)
Net Liabilities	N/A	(682,375)	(688,067)
Revenue	N/A	31,853	71,253
Loss after tax	N/A	(232,916)	(338,191)

During the year Linear Diagnostics took part in a new issue of shares to new and existing shareholders, to which the Group were entitled to subscribe to *pro rata* based on shareholdings preceding the issue. These pre-emption rights were not taken up and therefore as of 6 September 2019 the shareholding fell to 18 per cent. and the investment was derecognised as an associate.

16. Business combinations

Acquisition of Doncaster

In April 2020 the Group acquired Doncaster in a trading acquisition. The consideration paid totalled £312,342, being settled in full by a cash payment.

As part of the acquisition the directors have assessed the business for existence of intangible assets and have concluded that there are none which are applicable for recognition under IAS 38.

	<i>Carrying value</i>	<i>Fair value adjustments</i>	<i>Fair value recognised on acquisition</i>
	£	£	£
Assets			
Leasehold improvements	68,229	–	68,229
Plant and machinery	98,784	–	98,784
Right of use assets	422,502	–	422,502
	<u>589,515</u>	<u>–</u>	<u>589,515</u>
Total Assets			
Liabilities			
Lease liabilities	422,502	–	422,502
	<u>422,502</u>	<u>–</u>	<u>422,502</u>
Total Liabilities			
Total identifiable net assets	167,013	–	167,013
Goodwill arising on acquisition			145,329
Purchase consideration transferred			<u>312,342</u>

Analysis of the cash flows on acquisition is:

	£
Transaction costs of the acquisition	–
Cash and cash equivalents acquired on combination	–
Cash and cash equivalents paid for the combination	(175,000)
Net cash flow on acquisition	(175,000)

A further £137,342 of consideration was deferred, and falls contractually due in 2021.

17. Inventories

	<i>2020</i>	<i>2019</i>	<i>2018</i>
<i>Group</i>	£	£	£
Raw materials	740,862	338,154	248,518
Works in progress	16,308	32,968	53,782
Finished goods	22,176	35,292	86,866
	<u>779,346</u>	<u>406,414</u>	<u>389,166</u>

18. Trade and other receivables

	<i>2020</i>	<i>2019</i>	<i>2018</i>
<i>Group</i>	£	£	£
Amounts falling due within one year:			
Trade receivables	226,815	422,518	96,006
Payments on account	1,279,005	–	–
VAT receivable	199,377	–	–
Other receivables and prepayments	150,902	295,055	203,639
Contract receivable	18,654	42,363	–
	<u>1,874,753</u>	<u>759,936</u>	<u>299,645</u>

Trade receivables are stated net of impairment for estimated irrecoverable amounts of £26,238 (2019 – £26,238, 2018 – £26,238). This impairment has been determined by reference to past default experience and known issues. Write offs are made when the irrecoverable amount becomes certain. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Contract receivables of £18,654 (2019 – £42,363, 2018 – £nil) has been calculated in accordance with IFRS 15.

Movement on the allowance for irrecoverable amounts on trade receivables are as follows:

	2020 £	2019 £	2018 £
Beginning of the period	26,238	26,238	26,238
Provision for bad receivables	–	8,400	28,010
Released during the period	–	(8,400)	(28,010)
End of the period	<u>26,238</u>	<u>26,238</u>	<u>26,238</u>

An analysis of the trade debtors past due but not impaired is:

	2020 £	2019 £	2018 £
60 to 120 days	1,170	5,581	4,800
More than 120 days	71,396	76,856	51,605
Less provision	<u>(26,238)</u>	<u>(26,238)</u>	<u>(26,238)</u>
Total trade debtors past due but not impaired	46,328	56,199	30,167
Add:			
Less than 60 days	<u>180,487</u>	<u>366,319</u>	<u>65,839</u>
Net trade receivables	<u>226,815</u>	<u>422,518</u>	<u>96,006</u>

The Directors consider the credit quality of trade and other receivables that are neither past due nor impaired to be good.

19. Current trade and other payables

<i>Group</i>	2020 £	2019 £	2018 £
Trade payables	1,124,814	431,106	215,652
Customer payments on account	327,601	–	–
Taxation and social security	680,991	76,786	132,258
Deferred consideration on business combinations	32,342	–	–
Accruals	341,841	141,910	177,669
Contract liability	<u>939,512</u>	<u>75,094</u>	<u>–</u>
	<u>3,447,101</u>	<u>724,896</u>	<u>525,579</u>

Contract liability is an amount of £939,512 (2019 – £75,094, 2018 – £nil) relating to deferred revenues, calculated in accordance with IFRS 15. The amount of deferred income relating to the prior year has been fully released in the current financial year.

20. Borrowings

<i>Group</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>
	£	£	£
Convertible loan notes	3,283,747	–	–
Bank loans	250,000	–	–
Other payables	13,000	13,000	13,000
	<u>3,546,747</u>	<u>13,000</u>	<u>13,000</u>
Payable within one year	3,317,580	13,000	13,000
Payable between one and two years	125,000	–	–
Payable between two and five years	104,167	–	–
	<u>3,546,747</u>	<u>13,000</u>	<u>13,000</u>

On 11 May 2020, the Company authorised for issue up to £3,000,000 convertible loan notes to select investors. On 16 June 2020 a further £500,000 of loan notes were authorised for issue. As at the year end £247,500 of notes had not been taken up. The repayment date for the loan notes is 10 May 2021 and the interest rate is 12 per cent. pa. The loan notes are convertible for a variable number of shares based on the Company's spot rate on that day, and accordingly the entire value of the convertible loan notes is considered to represent a liability in accordance with IAS 32. The loan is accounted for at amortised cost using the headline rate of interest applicable to the loan notes. Interest accrued on the notes has been included in the carrying value of the above liability.

The Group has pledged as security a fixed and floating charge over all properties and undertakings of the parent company against bank loans of £250,000.

Other payables are an amount repayable to a former shareholder in instalments. No interest is charged on this balance. The outstanding balance at all period ends is £13,000, which has been cleared post year end.

In 2018 the Group completed a refinancing and all loan notes were settled via an issue of new equity. The present value of the loan notes as at 31 December 2016 was £7,553,537 and new loan notes were issued in October 2017 amounting to £1,110,000. Interest on these balances was unwound at a rate of 37.75 per cent., being the internal rate of return taking into account the 75 per cent. redemption premium attached to the notes. Interest has therefore been calculated up until the point in which the notes were converted, being 11 May 2018, amounting to £4,343,034, with this interest being recognised as a finance expense in note 9.

The difference between the present value of the loan notes as at this date and the fair value of equity converted, being £13,006,571 and £992,630 respectively, results in a gain realised of £12,013,941 which is presented within the Consolidated Statement of Comprehensive Income, presented here as a result of this transaction qualifying as a debt-for-equity swap under IFRIC 19.

21. Obligations under leases

Future gross minimum lease payments are due as follows:

<i>Group</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>
	£	£	£
Within one year	272,059	126,031	136,592
In two to five years	869,846	427,663	445,117
Over five years	254,714	–	57,579
Gross lease payments due	<u>1,396,619</u>	<u>553,694</u>	<u>639,288</u>
Less future finance charges	<u>(171,900)</u>	<u>(50,074)</u>	<u>(68,859)</u>
Net lease payments due	<u>1,224,719</u>	<u>503,620</u>	<u>570,429</u>

These are disclosed in the financial statements on a net basis (excluding future finance charges) as follows:

<i>Group</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>
	£	£	£
Current lease payable	221,278	106,639	115,029
Non-current lease payable	1,003,441	396,981	455,400
	<u>1,224,719</u>	<u>503,620</u>	<u>570,429</u>

Finance lease and hire purchase borrowings are secured against the assets to which they relate.

The Group's right of use asset additions and depreciation charge recognised on leases in the year is shown in note 14, and interest expense in note 9. The total cash outflows in the year are explained in the Statement of Cash Flows and associated notes.

22. Financial instruments

Market and liquidity risks

Liquidity risk is the risk that the Company fails to have sufficient funds to meet its debts as they become due. The Group holds funds in short-term bank deposits so that they are available when required. The liquidity risk of the Group is managed centrally. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which regularly monitors the Group's short-medium and long-term funding, and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash and cash equivalents and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group has managed the risks of short term cash deficits by receiving advanced payment on key contracts to ensure its cash flow requirements can continue to be sufficiently met. See note 1.3 for further information on cashflows and the Directors' consideration of going concern.

Credit risk

During the period, the Group's credit risk was primarily attributable to its cash balances, other loans receivable, and its trade receivables. Credit risk, is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings. The risk to the Group of trade receivables going bad is deemed relatively low due to the size and stature of the customers the Company now trades with. There were no allowances for debt recovery as at the current or previous period end.

Capital management

As described in Note 25 the Group considers its capital to comprise its ordinary share capital, share premium, share based payment reserve, and accumulated deficit as its capital reserves. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to commercialise the development which has been undertaken to date, through major sales in a number of markets.

There have been no significant changes to the Group's capital management objectives, policies and processes in the period nor has there been any change in what the Group considers to be its capital.

Exchange rate and interest rate risk

All of the Group's borrowings are at fixed interest rates. The Group is therefore not exposed to the impact of changes in interest rates in the medium term. The level of debt is reviewed regularly by the Board.

The majority of purchases are denominated in Sterling. The Group is therefore not materially exposed to the impact of changes in exchange rates.

Group	2020 £	2019 £	2018 £
Carrying amount of financial assets			
Measured at fair value	–	–	–
Debt instruments measured at amortised cost	5,971,376	1,602,035	593,577
	<u>5,971,376</u>	<u>1,602,035</u>	<u>593,577</u>
Carrying amount of financial liabilities			
Measured at fair value	3,283,747	–	–
Measured at amortised cost	3,486,219	1,264,877	1,045,611
	<u>6,769,966</u>	<u>1,264,877</u>	<u>1,045,611</u>

The undiscounted contractual maturity analysis for Group financial instruments is shown below. The maturity analysis reflects the contractual undiscounted cashflows, including future interest charges, which may differ from the carrying value of the liabilities as at the reporting date.

Financial liabilities	Demand and less than 3 months £	From 3 to 12 months £	From 12 months to 2 years £	From 2 to 5 years £	Over 5 years £	Total £
Trade and other payables	406,321	–	–	–	–	406,321
Loan notes	–	–	–	–	–	–
Leases	53,645	82,588	108,389	394,666	–	639,288
At 30 June 2018	<u>459,966</u>	<u>82,588</u>	<u>108,389</u>	<u>394,668</u>	–	<u>1,045,609</u>
Trade and other payables	661,108	–	–	–	–	661,108
Loan notes	–	–	–	–	–	–
Leases	31,426	94,367	96,701	331,200	–	553,694
At 30 June 2019	<u>692,534</u>	<u>94,367</u>	<u>96,701</u>	<u>331,200</u>	–	<u>1,214,802</u>
Trade and other payables	1,807,258	–	–	–	–	1,807,258
Loan notes	–	3,283,747	–	–	–	3,283,747
Leases	67,200	204,859	268,424	601,412	254,724	1,396,619
Deferred consideration	–	32,342	–	–	–	32,342
Bank loans	–	20,833	125,000	104,167	–	250,000
At 30 June 2020	<u>1,874,458</u>	<u>3,541,781</u>	<u>393,424</u>	<u>705,579</u>	<u>254,724</u>	<u>6,769,966</u>

23. Deferred tax

The following is the deferred tax balances for reporting purposes:

	<i>Liabilities</i>			<i>Assets</i>		
	2020	2019	2018	2020	2019	2018
	£	£	£	£	£	£
IFRS 16 transitional adjustments	–	–	–	–	14,944	11,024
Convertible loan notes	–	–	–	–	–	–
Share options	–	–	–	–	–	–
Discounting external loans	–	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>14,944</u>	<u>11,024</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>14,944</u>	<u>11,024</u>

Movements by category are as follows:

	<i>(Asset)/ Liability at 1 January 2017 £</i>	<i>(Credit)/ charge to profit and loss £</i>	<i>(Asset)/ Liability at 30 June 2018 £</i>
IFRS 16 transitional adjustment	455	(11,479)	(11,024)
Convertible loan notes	16,810	(16,810)	–
Share options	(33,487)	33,487	–
Discounting external loans	4,133	(4,133)	–
	<u>(12,089)</u>	<u>1,065</u>	<u>(11,024)</u>
	<u>(12,089)</u>	<u>1,065</u>	<u>(11,024)</u>
	<i>(Asset)/ Liability at 1 July 2018 £</i>	<i>(Credit)/ charge to profit and loss £</i>	<i>(Asset)/ Liability at 30 June 2019 £</i>
IFRS 16 transitional adjustment	(11,024)	(3,920)	(14,944)
	<u>(11,024)</u>	<u>(3,920)</u>	<u>(14,944)</u>
	<u>(11,024)</u>	<u>(3,920)</u>	<u>(14,944)</u>
	<i>(Asset)/ Liability at 1 July 2019 £</i>	<i>(Credit)/ charge to profit and loss £</i>	<i>(Asset)/ Liability at 30 June 2020 £</i>
IFRS 16 transitional adjustment	(14,944)	14,944	–
	<u>(14,944)</u>	<u>14,944</u>	<u>–</u>
	<u>(14,944)</u>	<u>14,944</u>	<u>–</u>

A deferred tax asset amounting to £2,780,267 (2019: £2,651,153, 2018 - £1,989,103), in respect of trading losses carried forward of £14,632,982 (2019: £15,595,016, 2018 - £11,050,573), has not been recognised due to uncertainty over the extent and timing of future profits within the Group as at 30 June 2020.

24. Retirement benefit schemes

	2020 £	2019 £	2018 £
Charge to profit and loss in respect of defined contribution schemes	<u>102,574</u>	<u>89,633</u>	<u>145,145</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. At the period end there is a pension creditor of £17,083 (2019 - £12,784, 2018 - £16,501).

25. Share capital

	2020	2019	2018
<i>Ordinary share capital</i>			
<i>Authorised</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
Ordinary shares of 0.1p each	12,906,826	11,406,826	11,406,826
A Ordinary shares of 0.1p each	<u>3,916,450</u>	<u>3,916,450</u>	<u>–</u>
	<u>16,823,276</u>	<u>15,323,276</u>	<u>11,406,826</u>
<i>Allotted and fully paid</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
Ordinary shares of 0.1p each	11,406,826	11,406,826	11,406,826
A Ordinary shares of 0.1p each	<u>3,916,450</u>	<u>3,916,450</u>	<u>–</u>
	<u>15,323,276</u>	<u>15,323,276</u>	<u>11,406,826</u>
	£	£	£
Ordinary shares of 0.1p each	11,407	11,407	11,407
Ordinary 'A' shares of 0.1p each	<u>3,916</u>	<u>3,916</u>	<u>–</u>
	<u>15,323</u>	<u>15,323</u>	<u>11,407</u>

Both classes of shares carry one vote per share, and rank *pari-passu* in respect of dividend and capital distribution rights except for dividends being able to be declared independently on each share class.

Reconciliation of movements during the periods:

	<i>Ordinary Number</i>	<i>Preferred Ordinary Number</i>
At 1 January 2017	1,996,987	5,007,500
Redesignation of preferred ordinary shares	5,007,500	(5,007,500)
Issue of fully paid shares – in respect of loan notes	2,853,204	–
Issue of fully paid shares	<u>1,549,135</u>	<u>–</u>
At 30 June 2018	11,406,826	–
Issue of fully paid shares	<u>3,916,450</u>	<u>–</u>
At 30 June 2019	<u>15,323,276</u>	<u>–</u>
Authorisation of shares	<u>–</u>	<u>–</u>
At 30 June 2020	<u>15,323,276</u>	<u>–</u>

No share options became exercisable during the period (2019 – 287,440, 2018 – nil).

Reserves of the Company represent the following:

Share Capital – Shares in the Company held by shareholders at a proportional level with equal voting rights per share.

Share Premium – Excess over share capital of any investments.

Retained earnings – This comprises the accumulated trading results of the group.

Share-based payment reserve - This reserve comprises the fair value of options share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital.

26. Share options

	<i>Number of share options</i>			<i>Weighted average exercise price</i>		
	<i>30 June 2020</i>	<i>30 June 2019</i>	<i>30 June 2018</i>	<i>30 June 2020</i>	<i>30 June 2019</i>	<i>30 June 2018</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>£</i>	<i>£</i>	<i>£</i>
Outstanding at start of period	287,440	–	1,100,428	0.001	–	0.94
Granted	–	344,928	–	–	0.001	–
Exercised	–	–	–	–	–	–
Cancelled	–	–	(937,639)	–	–	(1.02)
Forfeited	–	(57,488)	(162,789)	–	(0.001)	(0.48)
	<u>287,440</u>	<u>287,440</u>	<u>–</u>	<u>0.001</u>	<u>0.001</u>	<u>–</u>
Outstanding at end of period	–	287,440	–	–	–	–
Exercisable at end of period	–	–	–	–	–	–

No options were exercised during the year.

The options outstanding at 30 June 2020 had an exercise price of £0.001 and a remaining contractual life ranging between July 2019 and July 2029.

The options exist at 30 June 2020 across the following share option schemes:

	<i>Number of shares</i>	<i>Exercise price per share (£)</i>	<i>Fair value of scheme (£)</i>	<i>Vesting period</i>
Options issued in July 2019	287,440	0.001	99,720	2.75 years
	<u>287,400</u>		<u>99,720</u>	

The fair value of the scheme is being expensed over the vesting period. All share options expire 10 years after the date of issue.

	<i>30 June 2020</i>	<i>Group 30 June 2019</i>	<i>30 June 2018</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Expenses recognised in the year			
Arising from equity settled share based payment transactions	<u>36,262</u>	<u>33,679</u>	<u>925,475</u>

27. Guarantees, commitments and contingent liabilities

At 30 June 2020, the Group and Company had no contingent liabilities (2019 - none). The borrowings disclosed in note 20, excluding the convertible loan notes, were secured over the assets of the Group including the Company. The amounts payable to a former shareholder (2020: £13,000; 2019: £13,000, 2018: £13,000) disclosed in notes 19 and 20 are guaranteed by the Company.

At 30 June 2020 the Group had contracted for capital commitments of approximately £1.74 million (2019 – £nil, 2018 – £nil). These amounts have not been reflected in the financial statements.

28. Directors' remuneration and transactions

	<i>30 June</i> 2020 £	<i>30 June</i> 2019 £	<i>30 June</i> 2018 £
Remuneration for qualifying services	449,648	378,542	738,637
Company pension contributions to defined contribution schemes	15,440	15,440	26,200
	<u>465,088</u>	<u>393,982</u>	<u>764,837</u>

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 – 1).

The number of Directors receiving share options as remuneration amounted to 1 (2019 – 0, 2018 – 0). The total fair value of the options received in the year was £2,901 (2019 - £nil, 2018 - £nil).

29. Related party transactions

Remuneration of key management personnel

The key management personnel are considered to be the Board of Directors and members. Refer to note 28 for details of key management personnel remuneration.

30. Subsidiaries

Details of the Company's subsidiaries at 30 June 2020 are as follows:

<i>Name of undertaking and country of incorporation or residency</i>	<i>Nature of business</i>	<i>Class of shareholding</i>	<i>% Held</i>
Forsite Diagnostics Limited (UK)	Manufacturing of diagnostic devices	Ordinary shares	100%
Molecular Vision Limited (UK)	Consultancy and R&D into a diagnostics technology platform	A1 Preference shares	100%
Serascience Limited (UK)	Development and sales of medical diagnostic devices	Ordinary shares	100%

All investments are directly held by the Company.

Forsite Diagnostics Limited and Molecular Vision Limited have the same registered address as noted on the company information page in these financial statements.

The registered office of Serascience Limited is Newstead House, Pelham Road, Nottingham, NG5 1AP.

The investments in subsidiaries are all stated at cost less impairment in the financial statements.

31. IFRS 16 transitional impact

Leases are shown as follows on the balance sheet and income statement for:

	<i>Opening extracts as at 1 January 2017 £</i>	<i>Adjustment as at 1 January 2017 £</i>	<i>Restated extracts as at 1 January 2017 £</i>
Group			
<u>Statement of Financial Position</u>			
Non-current assets			
Property plant and equipment	227,006	27,596	254,602
Deferred tax asset	12,544	(455)	12,089
Current liabilities			
Obligations under finance leases	(3,344)	(12,201)	(15,545)
Non-current Liabilities			
Obligations under finance leases	(15,388)	(12,720)	(28,108)
Net assets	220,818	2,220	223,038
Equity			
Retained earnings	(10,394,572)	2,220	(10,392,352)
	<i>Previously reported extracts as at 30 June 2018 £</i>	<i>Adjustment as at 30 June 2018 £</i>	<i>Restated extracts as at 30 June 2018 £</i>
Group			
<u>Statement of Financial Position</u>			
Non-current assets			
Property plant and equipment	115,026	491,957	606,983
Deferred tax asset	–	11,024	11,024
Current liabilities			
Obligations under finance leases	(3,701)	(111,328)	(115,029)
Non-current Liabilities			
Obligations under finance leases	(9,926)	(445,474)	(455,400)
Net assets	101,399	(53,821)	47,578
Equity			
Retained earnings	(5,843,542)	(53,821)	(5,897,363)

	<i>Previously reported extracts as at 30 June 2019 £</i>	<i>Adjustment as at 30 June 2019 £</i>	<i>Restated extracts as at 30 June 2019 £</i>
Group			
Statement of Financial Position			
Non-current assets			
Property plant and equipment	106,351	445,957	552,308
Deferred tax asset	–	14,944	14,944
Current assets			
Trade & other receivables	1,006,696	(40,169)	966,527
Current liabilities			
Obligations under finance leases	(3,701)	(102,938)	(106,639)
Non-current Liabilities			
Obligations under finance leases	(6,226)	(390,755)	(396,981)
Net assets	1,103,120	(72,961)	1,030,159
Equity			
Retained earnings	(7,084,479)	(72,961)	(7,157,440)
	<i>Previously reported extracts as at 30 June 2018 £</i>	<i>Adjustment as at 30 June 2018 £</i>	<i>Restated extracts as at 30 June 2018 £</i>
Group			
Statement of Profit or Loss			
Administrative expenses	(6,359,098)*	(29,703)	(6,388,801)
Operating loss*	(4,623,801)	(29,703)	(4,653,504)
Interest payable	(4,347,644)	(37,816)	(4,385,460)
Profit before tax*	3,051,475	(67,519)	2,983,956
Taxation charge*	474,106	11,478	485,584
Profit for the year	3,525,579	(56,041)	3,469,540

*Administrative expenses has been reduced by £2 to eliminate a mathematical casting error within the 2018 financial statements.

Items marked with * have been adjusted from statutory reporting for RDEC changes as described in note 10, so as to show only IFRS 16 related adjustments within the adjustment column. Under the RDEC adjustment, operating profit has been increased by £49,941, the taxation credit has been increased by £11,938 and other income has been reduced by £61,879, meaning that the loss for the year after tax remains unaffected by this.

	<i>Previously reported extracts as at 30 June 2019 £</i>	<i>Adjustment as at 30 June 2019 £</i>	<i>Restated extracts as at 30 June 2019 £</i>
Group			
Statement of Profit or Loss			
Administrative expenses	(3,021,359)	(1,334)	(3,022,693)
Operating loss *	(1,394,097)	(1,334)	(1,395,431)
Interest payable	(704)	(21,726)	(22,430)
Loss before tax *	(1,392,659)	(23,060)	(1,414,385)
Taxation credit *	150,388	3,920	154,308
Loss for the year	(1,240,937)	(19,140)	(1,260,077)

Items marked with * have been adjusted from statutory reporting for RDEC changes as described in note 10, so as to show only IFRS 16 related adjustments within the adjustment column. Under the RDEC adjustment, operating profit has been increased by £55,352 and the taxation credit has been decreased by £55,352, meaning that the loss for the year after tax remains unaffected by this.

32. Subsequent Events

On 15 July 2020 the Group granted 1,065,000 EMI share options to certain employees. On 5 November 2020, the Group granted a further 80,000 non-employee share options to certain directors.

On 20 October 2020 the Group undertook a capital reduction, which was approved by the Court. This will result in a reduction of £13,145,190 in the Group's share premium account and a corresponding increase of the same in the Group's retained profits. There is no overall impact on net assets from this transaction.

On 22 October 2020 the Group undertook a 3 for 1 bonus issue of shares for all existing shareholders with 45,969,828 new shares of £0.001 being issued and £45,970 transferred from share premium into share capital. Immediately after the bonus issue the shares were redesignated as deferred shares which carry no voting rights.

PART IV

ADDITIONAL INFORMATION

1. Responsibility Statement

The Directors, whose names and functions are set out on page 7 of this document, and the Company accept responsibility, both individually and collectively, for all the information contained in this document, and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

2.1 The Company is domiciled in the United Kingdom and was incorporated and registered as a private company limited by shares on 16 January 2008 in England and Wales under the Act with the name Abingdon Health Ltd and with registration number 06475379.

2.2 On 11 November 2020, the Company was re-registered as a public limited company under the Act and its name was changed to Abingdon Health plc.

2.3 The Company is a public limited company and accordingly the liability of its members is limited to the amount paid up or to be paid on their shares. The principal legislation under which the Company operates and which the Placing Shares will be issued is the Act and regulations made thereunder.

2.4 The Company's principal activity is that of a holding company. It is the ultimate parent company of the Group comprising the Company and the subsidiary undertakings set out in paragraph 2.5 of this Part IV. Further details of the history and background of the Company and the subsidiary undertakings are set out in paragraph 3 of Part I.

2.5 As at the date of this document, the Company has, and will on Admission have, the following subsidiary undertakings, all of which are directly wholly-owned:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Percentage held</i>
Serascience Limited	England and Wales	100%
Molecular Vision Limited	England and Wales	100%
Forsite Diagnostics Limited	England and Wales	100%

2.6 The registered office and corporate headquarters of the Company is York Biotech Campus, Sand Hutton, York, England, YO41 1LZ, and its telephone number is +44 (0) 1904 406082.

2.7 The Company's website address is www.abingdonhealth.com.

3. Share Capital of the Company

- 3.1 As at the date of this document and, assuming that the Placing is fully subscribed, immediately following Admission, the issued and fully paid up share capital of the Company is, and will be, as follows:

	<i>Number of A Ordinary Shares issued and credited as fully paid</i>	<i>Number of Ordinary Shares issued and credited as fully paid</i>	<i>Number of Deferred Shares issued and credited as fully paid</i>	<i>Aggregate nominal value (£)</i>
As at the date of this document	3,916,450	11,406,826	45,969,828	61,293
Immediately prior to Admission	–	72,782,448	182,316,812	63,775
Immediately following Admission	–	95,699,114	182,316,812	69,504

- 3.2 On incorporation the share capital of the Company was 100 ordinary shares of £1, which were allotted to Chris Yates.

- 3.3 As at 1 January 2017 the share capital of the Company was £7,004.487, comprising 1,996,987 ordinary shares of £0.001 each and 5,007,500 preferred ordinary shares of £0.001 each. The following changes to the share capital of the Company have taken place since 1 January 2017 to the date of this document:

3.3.1 on 20 March 2017, the Company registered a transfer of 63,437 ordinary shares of £0.001 each in the capital of the Company from Chris Hand to Philip Hand and Chris Lewis (14,338 and 49,099 ordinary shares respectively);

3.3.2 in September 2017, Touchstone, Christopher Wright and Thornapple LLP subscribed for an aggregate of £1,110,000 loan notes pursuant to the terms of a loan note instrument executed by the Company on 29 June 2015 (as amended on 4 July 2016 and 7 September 2017) (the “**2017 Loan Note Instrument**”);

3.3.3 on 11 May 2018, the Company undertook a restructuring of its share and loan capital, which comprised the following principal changes:

(a) the preferred ordinary shares of £0.001 each were re-designated into ordinary shares of £0.001 each;

(b) each of the holders of loan notes issued by the Company pursuant to the 2017 Loan Note Instrument released the Company from its obligations under the loan notes in consideration for the issue to them by the Company of an aggregate of 2,853,204 ordinary shares of £0.001 each in the capital of the Company;

(c) Touchstone granted an option to each of Chris Hand, Chris Yates, Richard Marlow and Mark Drayson to acquire from Touchstone an aggregate of 1,494,693 of the ordinary shares of £0.001 each held by it. These options were exercised in full by each of the individuals in July 2018; and

(d) each of Chris Hand, Chris Yates, Christopher Wright, Christopher Lewis, CatenaLucis LLC, Thornapple LLP and Mark Drayson subscribed for an aggregate of 1,549,135 ordinary shares of £0.001 each;

3.3.4 on 26 July 2018, the Board adopted the Abingdon Health Ltd Enterprise Management Incentives Schemes, pursuant to which the Company granted a total of 287,440 options over ordinary shares of £0.001 each in the capital of the Company to employees;

3.3.5 on 18 January 2019, NPIF/Mercia subscribed for 3,916,450 shares in a new class of A ordinary shares of £0.001 each;

3.3.6 between May 2020 and July 2020, the Company issued loan notes for an aggregate principal amount of £3,272,500 pursuant to the terms of the Loan Note Instrument (as defined and more fully described in paragraph 14.2 of this Part IV);

- 3.3.7 on 15 July 2020, the Board adopted the Abingdon Health Ltd 2020 Enterprise Management Incentives Scheme, pursuant to which the Company granted a total of 1,065,000 options over ordinary shares of £0.001 each in the capital of the Company to employees (the Abingdon Health Ltd Enterprise Management Incentives Scheme and the Abingdon Health Ltd 2020 Enterprise Management Incentives Scheme together being the “**EMI Schemes**”);
- 3.3.8 on 26 August 2020, the Company registered the transfer of 161,000 ordinary shares of £0.001 each from Christopher Lewis to his wife, Tracie Lewis;
- 3.3.9 on 5 November 2020, the Company adopted the Abingdon Health Ltd Non-Employee Scheme (the “**Non-Employee Scheme**”), pursuant to which the Company granted 80,000 options over ordinary shares of £0.001 each in the capital of the Company to Lyn Rees;
- 3.3.10 on 11 November 2020, the Company registered the transfers of (i) 25,000 ordinary shares of £0.001 each from Brett Pollard to his wife, Claire Pollard, (ii) 28,744 ordinary shares of £0.001 each from Richard Marlow to his wife, Caroline Marlow, and (iii) 253,376 ordinary shares of £0.001 each from Thornapple LLP to Jason Borrows;
- 3.3.11 pursuant to the Reorganisation (as defined in paragraph 4.1 of this Part IV), the share capital has been amended prior to the date of this document, and will be further amended prior to Admission as set out in paragraph 4 of this Part IV; and
- 3.3.12 immediately following completion of the Placing, the issued share capital of the Company is expected to be £69,503.98 comprising 95,699,114 Ordinary Shares and 182,316,812 Deferred Shares (all of which will be fully paid up or credited as fully paid).
- 3.4 By way of court approved capital reduction registered pursuant to section 649 of the Act on 15 October 2020: (i) 10,000 A ordinary shares of £0.01 each in the capital of the Company were cancelled and extinguished; and (ii) the amount standing to the credit of the Company's share premium account was reduced from £13,195,190 to £50,000 in order to satisfy the requirements as to net assets for the Company's re-registration as a public limited company.
- 3.5 By way of a written resolution of the Shareholders dated 22 October 2020, the Company passed resolutions to:
- 3.5.1 adopt new interim articles of association of the Company in substitution for and to the exclusion of the articles of association of the Company in force at the time;
- 3.5.2 authorise the Directors to capitalise £45,969.828 standing to the credit of the Company's share premium account and it be appropriated as capital to the holders of ordinary shares of £0.001 each in the capital of the Company and the holders of A ordinary shares of £0.001 each in the capital of the Company and to authorise the directors to apply such sum in paying up in full an aggregate of 45,969.828 shares in the capital of the Company, comprising 34,220,478 ordinary shares of £0.001 each in the capital of the Company (the “**Bonus Ordinary Shares**”) and 11,749,350 A ordinary shares of £0.001 each in the capital of the Company (the “**Bonus A Shares**”) (together with the Bonus Ordinary Share, the “**Bonus Shares**”) and to allot and issue the: (a) new Bonus Ordinary Shares, credited as fully paid to the holders of ordinary shares of £0.001 each at the rate of three new Bonus Ordinary Shares for every one existing ordinary share of £0.001 each held by them; and (b) new Bonus A Shares, credited as fully paid to the holders of A ordinary shares of £0.001 each at the rate of three new Bonus A Shares for every one existing ordinary share of £0.001 each held by them; and
- 3.5.3 authorise the Directors to re-designate each of the Bonus Shares as a deferred share of £0.001 each in the capital of the Company.
- The Bonus Shares were issued on 22 October 2020 and each of the Bonus Shares was immediately re-designated into a deferred share of £0.001 each.
- 3.6 By way of a further written resolution of the Shareholders dated 22 October 2020, the Company passed resolutions to re-register the Company as a public limited company with the name ‘Abingdon Health plc’ and adopt new articles of association appropriate for it as a public company in substitution for and to the exclusion of the interim articles of association of the Company (including those adopted pursuant to paragraph 3.5.1 above), with effect from the date of re-registration of the Company as a public company.

- 3.7 By way of a general meeting of the Shareholders dated 16 November 2020, the Company has passed resolutions to:
- 3.7.1 immediately prior to the issue of any shares as part of the Placing, adopt the Articles as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company (including those adopted pursuant to paragraph 3.6 above);
- 3.7.2 generally and unconditionally authorise the Directors, in accordance with section 551 of the Act, to allot Ordinary Shares or grant rights to subscribe for or convert any security into Ordinary Shares in connection with the Placing, such authority to expire on the earlier to occur of Admission and 31 January 2021;
- 3.7.3 subject to and conditional Admission, generally and unconditionally authorise the Directors, in accordance with section 551 of the Act, to allot Ordinary Shares or grant rights to subscribe for or convert any security into Ordinary Shares:
- (a) up to an aggregate nominal value of an amount equal to 33 per cent. of the aggregate nominal value of the Company's issued ordinary share capital immediately following Admission; and
 - (b) comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal value of such amount in pounds sterling as is equal to 66 per cent. of the aggregate nominal value of the Company's issued ordinary share capital immediately following Admission (such amount to be reduced by the nominal value of any shares allotted or rights granted under sub-section (a) above) in connection with an offer by way of a rights issue to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter,
- such authority to expire at the conclusion of the next annual general meeting of the Company after the passing of the resolution or, if earlier, at the close of business on the date that falls fifteen months after the passing of the resolution;
- 3.7.4 give the Directors the power to allot equity securities (as defined by section 560 of the Act) of the Company for cash pursuant to the authority granted by the resolution summarised in paragraph 3.7.2 above as if section 561 of the Act did not apply to any such allotment, such power to expire on the earlier to occur of Admission and 31 January 2021;
- 3.7.5 give the Directors the power to allot equity securities (as defined by section 560 of the Act) of the Company for cash pursuant to the authorities granted by the resolutions summarised in paragraph 3.7.3 above as if section 561 of the Act did not apply to any such allotment:
- (a) in connection with an offer or issue of equity securities to the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter;
 - (b) otherwise than pursuant to sub-section (a) above, in respect of the allotment of equity securities up to a maximum nominal value of such amount in pounds sterling as is equal to 5 per cent. of the aggregate nominal value of the Company's issued ordinary share capital immediately following Admission; and
 - (c) in addition to the amount in sub-section (b) above, the allotment of equity securities for cash up to an aggregate nominal value in pounds sterling as is equal to 5 per cent. of the aggregate nominal value of the Company's issued ordinary share capital immediately following Admission, provided that any allotment of equity securities under this sub-section (c) shall only be used in connection with an acquisition or a specified capital investment,

in each case, such authorities to expire at the conclusion of the next annual general meeting of the Company after the passing of the resolutions or, if earlier, at the close of business on the date that falls fifteen months after the passing of the resolutions; and

3.7.6 generally empower the Directors, in accordance with section 618 of the Act, to consolidate, to subdivide or to consolidate and divide (or any combination thereof), all shares within each of the share classes listed below (collectively representing the entire issued share capital of the Company):

- (a) ordinary shares of £0.001 each in the capital of the Company;
- (b) A ordinary shares of £0.001 each in the capital of the Company; and
- (c) deferred shares of £0.001 each in the capital of the Company.

into shares of the same class as the existing class, having the same rights and being subject to the same restrictions for each such class set out in the interim articles of association of the Company in force at the time of the passing of the resolution, and each (following any consolidation, subdivision or consolidation and division) having such nominal value as the Directors may in their discretion determine (but being, in respect of the ordinary shares, the A ordinary shares and the deferred shares, not less than £0.0001 nor greater than £0.01).

3.8 Save as disclosed in this Part IV, since 30 June 2020 (being the date of the most recent balance sheet included in Part III of this document) (other than pursuant to the Placing or on the exercise of the options to be issued under the EMI Schemes and Non-Employee Scheme, or the shares to be issued as a result of a conversion of the loan notes under the Loan Note Instruments):

- 3.8.1 no share or loan capital of the Company is under option or is the subject of an agreement, conditional or unconditional, to be put under option;
- 3.8.2 no share or loan capital of the Company has been issued, or is now proposed to be issued, fully or partly paid, either for cash or other consideration to any person;
- 3.8.3 no person has any preferential subscription rights for any share capital of the Company;
- 3.8.4 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company;
- 3.8.5 neither the Company nor any other member of the Group holds any of the Ordinary Shares;
- 3.8.6 the Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue; and
- 3.8.7 there are no acquisition rights or obligations over the authorised but unissued share capital of the Company and there is no undertaking to increase the share capital of the Company.

3.9 The Ordinary Shares have been created under the Act.

3.10 The Ordinary Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Company to issue shares in uncertificated form.

3.11 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

3.12 Save for the options to be granted under the Share Option Schemes or the Non-Employee Scheme, the Company does not have in issue any securities not representing share capital.

3.13 There are no issued but not fully paid Ordinary Shares.

3.14 Other than pursuant to the Placing, the Ordinary Shares are not being marketed or being made available to the public in whole or in part in conjunction with the application for Admission.

3.15 The Ordinary Shares have not been admitted to dealing on any recognised investment exchange or other trading facility, nor has any application for such admission been made and it is not intended to

make any arrangements for dealings in the Ordinary Shares on any such exchange other than the application to be made in connection with Admission.

- 3.16 The Company has the contractual capacity of a natural person and is empowered to borrow, guarantee and give security.

4. Reorganisation

- 4.1 In connection with Admission, the Group has implemented, and will prior to Admission implement, a number of reorganisation steps (together, the “**Reorganisation**”), including to convert to a public limited company and take various other steps required in connection with Admission, as set out in paragraph 3 and this paragraph 4 of this Part IV.
- 4.2 On 30 October 2020, the Board exercised its discretion to allow options under the EMI Schemes to be exercised on the day prior to Admission. On 2 November 2020, a communication was sent to option holders under the EMI Schemes (the “**Option Holders**”) notifying them that the Board had exercised such discretion, and informing the Option Holders of the process and requirements for exercising their option(s). The Company has received valid option exercise notices with respect to the exercise of options over 1,322,440 ordinary shares of £0.001. The options under the EMI Schemes shall be exercised immediately prior to the issue of the ordinary shares of £0.001 on conversion of the loan notes as referred to in paragraph 4.3 below, such that an aggregate of 1,322,440 ordinary shares of £0.001 shall be issued on exercise of the options. Those options that were exercisable, but were not exercised in accordance with the requirements for exercise, shall lapse at 11.59 p.m. on the day prior to Admission. Options granted under the Non-Employee Scheme shall be required to be exercised within 180 days of Admission, or if not exercised shall immediately lapse at the end of that period.
- 4.3 On 28 October 2020, the Company served written notice of a proposed Qualified Financing under the loan note instrument entered into by the Company on 20 May 2020 and amended on 16 June 2020 and further amended on 27 October 2020, as more fully described in paragraph 14.2 of this Part IV, (the “**Loan Note Instrument**”). Accordingly the holders of loan notes under the Loan Note Instrument have elected to convert an aggregate principal amount of all the loan notes together with accrued interest up to (and including) the date of their respective conversion notices (less any tax required by law to be deducted or withheld), of £3,482,187. Accordingly, immediately following the issue of the ordinary shares of £0.001 each on exercise of the options as set out in paragraph 4.2 above, and prior to the step set out in paragraph 4.4 below, there shall be allotted and issued on conversion of the loan notes, an aggregate of 1,159,271 ordinary shares of £0.001 each, such conversion as calculated in accordance with the Loan Note Instrument.
- 4.4 Immediately following the issue of the ordinary shares of £0.001 each pursuant to the conversion of the loan notes as described in paragraph 4.3 above, and immediately prior to the step referred to in paragraph 4.5 below, the Company shall re-designate 390,625 of the deferred shares of £0.001 each held by the holder of A ordinary shares of £0.001 each into 390,625 ordinary shares of £0.001 each, so that the holder of A ordinary shares receives its entitlement to the preference attributable to the A ordinary shares as set out in the articles of association of the Company in force at the time.
- 4.5 Immediately following completion of the step in paragraph 4.4 above, and immediately prior to the completion of the step in paragraph 4.6 below, each of the A ordinary shares of £0.001 each shall be re-designated as an ordinary share of £0.001 each.
- 4.6 immediately following completion of the step in paragraph 4.5 above, and immediately prior to the issue of any Placing Shares, and the Directors having exercised the power granted to them under the resolution referred to in paragraph 3.7.6 above, each of the ordinary shares of £0.001 each and the deferred shares of £0.001 each shall be sub-divided into 4 ordinary shares of £0.00025 each and 4 deferred shares of £0.00025 each, respectively.
- 4.7 Immediately following completion of the steps set out in paragraphs 4.2 to 4.6 above, the issued share capital of the Company will be £63,774.82 divided into 72,782,448 Ordinary Shares and 182,316,812 Deferred Shares.

5. Articles of Association

The Articles include, *inter alia*, provisions to the following effect.

5.1 **Objects**

The objects of the Company, in accordance with section 31(1) of the Act, are unrestricted.

5.2 **Limited liability**

The liability of the members is limited to the amount, if any, unpaid on the shares in the Company respectively held by them.

5.3 **Rights attaching to Shares**

5.3.1 *Voting rights of members*

Subject to the Articles and to any special rights or restrictions as to voting for the time being attached to any shares (as to which there are none at present, other than that the Deferred Shares shall not confer on the holders any voting rights) the provisions of the Act shall apply in relation to voting rights. On a show of hands, at a general meeting which is being held as a physical meeting, every member or authorised corporate representative present has one vote and every proxy present has one vote except if the proxy has been duly appointed by more than one member and has been instructed by (or exercises his discretion given by) one or more of those members to vote for the resolution and has been instructed by (or exercises his discretion given by) one or more other of those members to vote against it, in which case a proxy has one vote for and one vote against the resolution. On a poll, every member present in person or by proxy has one vote for every share of which he is a holder. In the case of joint holders, the vote of the person whose name stands first in the register of members and who tenders a vote is accepted to the exclusion of any votes tendered by any other joint holders.

5.3.2 *Dividends*

Subject to the rights attached to any shares issued on any special terms and conditions (as to which there are none at present, other than that the Deferred Shares shall not be entitled to receive any dividends and no dividend will be declared or paid in respect of such shares), dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls should be treated for these purposes as paid up on the share.

5.3.3 *Return of capital*

- (a) Subject to the provisions summarised in sub-section (b) below, if the Company is in liquidation, the liquidator may, with the sanction of a special resolution of the Company and any other authority required by any applicable statutory provision: (A) divide among the members *in specie* the whole or any part of the assets of the Company; or (B) vest the whole or any part of the assets in trustees on such trusts for the benefit of members as the liquidator shall think fit, but no member shall be compelled to accept any assets upon which there is any liability.
- (b) On a return of assets on liquidation or otherwise (except on a redemption of shares of any class or the purchase by the Company of its own shares) the assets of the Company remaining after the payment of its liabilities (the “**surplus**”) shall be distributed amongst the holders of shares as follows:
 - (i) firstly, to the holders of Deferred Shares (if any), a sum equal to the amounts paid up or credited as paid up (with respect to any Deferred Share, the “**subscription price**”) on such Deferred Shares held by them (and pro-rata according to such amounts), provided that once any holder of a particular Deferred Share has received the subscription price for that Deferred Share pursuant to the application of this sub-section (a) that Deferred Share shall no longer carry an entitlement for a holder to receive any further amount pursuant to this sub-section (a) with respect to that Deferred Share (such Deferred Share,

remaining part of the same class, but also being considered an “**exhausted deferred share**” for the purpose of these articles), such that the subscription price for any Deferred Share shall only ever be paid once to a holder;

- (ii) secondly, the remaining amount of the surplus (if any) shall be paid to the holders of the Ordinary Shares in proportion to the number of such Ordinary Shares held by them.
- (c) Any Deferred Share that is not an exhausted deferred share may be repurchased by the Company at any time at its option by payment to the registered holder of the subscription price for such deferred share without obtaining the sanction of the holder or holders.
- (d) All Deferred Shares that are exhausted deferred shares may be repurchased by the Company at its option for an aggregate consideration of one penny sterling (£0.01) for all such exhausted deferred shares without obtaining the sanction of the holder or holders (which payment shall be deemed satisfied by payment to any one holder of such exhausted deferred shares).

5.3.4 *Capitalisation of reserves*

The Board may, with the authority of an ordinary resolution of the Company: (A) resolve to capitalise any sum standing to the credit of any reserve account of the Company (including share premium account and capital redemption reserve) or any sum standing to the credit of profit and loss account not required for the payment of any preferential dividend (whether or not it is available for distribution); and (B) appropriate that sum as capital to the holders of shares in proportion to the nominal amount of the share capital held by them respectively and apply that sum on their behalf in paying up in full any shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions or in paying up the whole or part of any amounts which are unpaid in respect of any issued shares in the Company held by them respectively, or otherwise deal with such sum as directed by the resolution provided that the share premium account and the capital redemption reserve, any redenomination reserve and any sum not available for distribution in accordance with the Act, the Uncertificated Securities Regulations 2001, and every other statute, statutory instrument, regulation or order concerning the Company may only be applied in paying up shares to be allotted credited as fully paid up.

5.4 **Transfer of Shares**

Save as described below, the Ordinary Shares will be freely transferable, but the Deferred Shares are not transferable.

- 5.4.1 A member may transfer all or any of his shares in any manner which is permitted by any applicable statutory provision and is from time to time approved by the Board. The Company shall maintain a record of uncertificated shares in accordance with the relevant statutory provisions.
- 5.4.2 A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form, or in such other form as the Board may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, except in the case of a fully paid share, by or on behalf of the transferee. The Board may, in its absolute discretion, refuse to register any instrument of transfer of any certificated share which is not fully paid up (but not so as to prevent dealings in listed shares from taking place on an open and proper basis) or on which the Company has a lien. The Board may also refuse to register any instrument of transfer of a certificated share unless it is left at the registered office, or such other place as the Board may decide, for registration, accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may reasonably require to prove title of the intending transferor or his right to transfer shares; and it is in respect of only one class of shares. If the Board refuses to register a transfer of a certificated share it shall, as soon as practicable and in any event within two months after the date on which the instrument of

transfer was lodged, give to the transferee notice of the refusal together with its reasons for refusal. The Board must provide the transferee with such further information about the reasons for the refusal as the transferee may reasonably request. Unless otherwise agreed by the Board in any particular case, the maximum number of persons who may be entered on the register as joint holders of a share is four.

5.5 **Alteration of share capital**

The Company may exercise the powers conferred by the applicable statutory provisions to:

- (a) increase its share capital by allotting new shares;
- (b) reduce its share capital, any capital redemption reserve and any share premium account in any way;
- (c) sub-divide or consolidate and divide all or any of its share capital;
- (d) redenominate all or any of its shares and reduce its share capital in connection with such redenomination;
- (e) issue redeemable shares; and
- (f) subject to the applicable statutory provisions, and to any rights conferred on the holders of any class of shares, purchase all or any of its own shares including any redeemable shares.

5.6 **Authority to allot shares and grant rights and disapplication of pre-emption rights**

5.6.1 The Company may from time to time pass an ordinary resolution authorising, in accordance with section 551 of the Act, the Board to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to the maximum nominal amount specified in the resolution. The authority shall expire on the day specified in the resolution (not being more than five years from the date on which the resolution is passed).

5.6.2 Subject (other than in relation to the sale of treasury shares) to the Board being generally authorised to allot shares and grant rights to subscribe for or to convert any security into shares in the Company in accordance with section 551 of the Act, the Company may from time to time resolve, by special resolution, that the Board be given power to allot equity securities for cash as if section 561 of the Act did not apply to the allotment but that power shall be limited: (A) to the allotment of equity securities in connection with a rights issue; and (B) to the allotment (other than in connection with a rights issue) of equity securities having a nominal amount not exceeding in aggregate the sum specified in the special resolution. The power shall (if so provided in the special resolution) expire on the date specified in the special resolution of the Company.

5.7 **Variation of rights**

5.7.1 Subject to paragraph 5.7.2 below, whenever the share capital of the Company is divided into different classes of shares, all or any of the rights for the time being attached to any class of shares in issue may from time to time (whether or not the Company is being wound up) be varied in such manner as those rights may provide or (if no such provision is made) either with the consent in writing of the holders of three fourths in nominal value of the issued shares of that class or with the authority of a special resolution passed at a separate general meeting of the holders of those shares. At any separate general meeting, the quorum is two members present in person or proxy holding at least one third in nominal amount of the issued shares of the class in question (but at any adjourned meeting, the quorum is one member present in person or by proxy holding shares of the class).

5.7.2 The rights attached to the Deferred Shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to such shares. In addition, neither:

- (a) the passing by the Company of any resolution for the cancellation of the Deferred Shares by means of a reduction of capital requiring confirmation of the court; nor

- (b) the obtaining by the Company, nor the making by the court, of any order confirming any such reduction of capital; nor
- (c) the becoming effective of any such order shall constitute a variation, modification or abrogation of the rights attaching to the Deferred Shares,

and accordingly, the Deferred Shares may at any time be cancelled by means of a reduction of capital effected in accordance with the applicable statutory provisions without sanction or approval of the holders of the Deferred Shares.

5.8 **Disclosure of interests in shares**

If the holder of, or any person appearing to be interested in, any share has been given a notice requiring any of the information mentioned in section 793 of the Act (“**section 793 notice**”) and, in respect of that share (a “**default share**”), has been in default for a period of 14 days after the section 793 notice has been given in supplying to the Company the information required by the section 793 notice, the following restrictions shall apply: (A) if the default shares in which any one person is interested or appears to the Company to be interested represent less than 0.25 per cent. of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares, to attend or to vote, either personally or by proxy, at any general meeting of the Company; or (B) if the default shares in which any one person is interested or appears to the Company to be interested represent at least 0.25 per cent. of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares:

- (a) to attend or to vote, either personally or by proxy, at any general meeting of the Company; or
- (b) to receive any dividend or other distribution; or
- (c) to transfer or agree to transfer any of those shares or any rights in them.

Those restrictions shall continue for the period specified by the Board, being not more than seven days after the earlier of:

- (d) the Company being notified that the default shares have been sold pursuant to an exempt transfer (being a (i) sale of the share on a recognised investment exchange in the United Kingdom or on any stock exchange outside the United Kingdom on which shares of that class are listed or normally traded, (ii) a sale of the whole beneficial interest in the share to a person whom the Board is satisfied is unconnected with the existing holder or with any other person appearing to be interested in the share, or (iii) acceptance of a takeover offer (as defined for the purposes of Part 28 of the Act); or
- (e) due compliance, to the satisfaction of the Board, with the section 793 notice.

The Board may waive these restrictions, in whole or in part, at any time.

5.9 **Uncertificated shares – general powers**

In relation to any uncertificated share, the Company may utilise the relevant system in which it is held to the fullest extent available from time to time in the exercise of any of its powers or functions under any applicable statutory provision or the Articles or otherwise in effecting any action. Any provision in the Articles in relation to uncertificated shares which is inconsistent with any applicable statutory provision shall not apply. The Company may, by notice to the holder of an uncertificated share, require the holder to change the form of that share to certificated form within such period as may be specified in the notice. For the purpose of effecting any action by the Company, the Board may determine that shares held by a person in uncertificated form and in certificated form shall be treated as separate holdings but they shall not be treated as separate classes of shares.

5.10 **Directors**

5.10.1 The directors (other than alternate directors) shall not, unless otherwise determined by an ordinary resolution of the Company, be less than two nor more than 10 in number.

5.10.2 A director need not be a member of the Company.

- 5.10.3 At each annual general meeting, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that no director appointed by the directors since the last annual general meeting shall be taken into account in determining the number of directors to retire. In any event all directors shall offer themselves for re-election on at least one occasion in every period of three years.
- 5.10.4 The directors to retire by rotation shall include (so far as necessary to obtain the number required) any director who wishes to retire and not to offer himself for re-election. Any further directors so to retire shall be those of the other directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring director shall be eligible for re-election.
- 5.10.5 The Company at the meeting at which a director retires under any provisions of the Articles may by ordinary resolution fill up the office being vacated by electing thereto the retiring director or some other person eligible for appointment. In default the retiring director shall be deemed to have been re-elected except in any of the following cases:
- (a) where at such meeting it is expressly resolved not to fill up such office or a resolution for the re-election of such director is put to the meeting and lost;
 - (b) where such director has given notice in writing to the Company that he is unwilling to be re-elected; or
 - (c) where the default is due to the moving of a resolution in contravention of paragraph 5.10.6.
- 5.10.6 The retirement of a director shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring director who is re-elected or deemed to have been re-elected (and his alternate, if any) will continue in office without a break.
- 5.10.7 The directors shall be paid such fees not exceeding in aggregate £1,500,000 per annum (or such larger sum as the Company may, by ordinary resolution, determine) as the directors may decide to be divided among them in such proportion and manner as they may agree, or failing agreement, equally.
- 5.10.8 The Board may grant special remuneration to any director who performs any special or extra services to or at the request of the Company. Such special remuneration may be paid by way of lump sum, salary, commission, participation in profits or otherwise as the Board may decide in addition to his ordinary remuneration (if any) as a director.
- 5.10.9 The directors shall also be paid out of the funds of the Company all expenses properly incurred by them in and about the discharge of their duties, including their expenses of travelling to and from the Board meetings, committee meetings and general meetings. Subject to any guidelines and procedures established from time to time by the Board, a director may also be paid out of the funds of the Company all expenses incurred by him in obtaining professional advice in connection with the affairs of the Company or the discharge of his duties as a director.
- 5.10.10 The Board may exercise all the powers of the Company to:
- (a) pay, provide, arrange or procure the grant of pensions or other retirement benefits, and death, disability or sickness benefits, health, accident and other insurances or other such benefits, allowances, gratuities or insurances, including in relation to the termination of employment, to or for the benefit of any person who is or has been at any time a director of the Company or in the employment or service of the Company or of anybody corporate which is or was associated with the Company or of the predecessors in business of the Company or any such associated body corporate or

the relatives or dependants of any such person. For that purpose, the Board may procure the establishment and maintenance of, or participation in, or contribution to, any pension fund, scheme or arrangement or the payment of any insurance premiums;

- (b) establish, maintain, adopt and enable participation in any profit sharing or incentive scheme including shares, share options or cash or any similar schemes for the benefit of any director or employee of the Company or of any associated body corporate, and to lend money to any such director or employee or to trustees on their behalf to enable any such schemes to be established, maintained or adopted; and
- (c) support and subscribe to any institution or association which may be for the benefit of the Company or of any associated body corporate or any directors or employees of the Company or associated body corporate or their relatives or dependants or connected with any town or place where the Company or an associated body corporate carries on business, and to support and subscribe to any charitable or public object whatsoever.

5.10.11 If a situation (a “**Relevant Situation**”) arises in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company but which does not arise in relation to a transaction or arrangement with the Company, the director must declare the nature and extent of his interest to the other directors and the directors (other than the director, and any other director with a similar interest, who shall not be counted in the quorum at the meeting and shall not vote on the resolution) may: (i) if the Relevant Situation arises from the appointment or proposed appointment of a person as a director of the Company, resolve to authorise the appointment of the director and the Relevant Situation on such terms as they may determine; and (ii) if the Relevant Situation arises in other circumstances, resolve to authorise the Relevant Situation and the continuing performance by the director of his duties on such terms as they may determine. Any terms of such authorisation may be imposed at the time of the authorisation or may be imposed or varied subsequently and may include (without limitation):

- (a) whether the interested directors may vote (or be counted in the quorum at a meeting) in relation to any resolution relating to the Relevant Situation;
- (b) the exclusion of the interested directors from all information and discussion by the Company of the Relevant Situation; and
- (c) (without prejudice to the general obligations of confidentiality) the application to the interested directors of a strict duty of confidentiality to the Company for any confidential information of the Company in relation to the Relevant Situation.

5.10.12 Any authorisation of a Relevant Situation may provide that, where the interested director obtains (other than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose it to the Company or to use it in relation to the Company’s affairs in circumstances where to do so would amount to a breach of that confidence.

5.10.13 If a director is in any way, directly or indirectly, interested in a proposed or an existing transaction or arrangement with the Company, he must declare the nature and extent of that interest to the other directors.

5.10.14 Subject to any applicable statutory provisions and to having declared his interest to the other directors, a director may:

- (a) enter into or be interested in any transaction or arrangement with the Company, either with regard to his tenure of any office or position in the management, administration or conduct of the business of the Company, or as vendor, purchaser or otherwise;
- (b) hold and be remunerated in respect of any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director;
- (c) act by himself or his firm in a professional capacity for the Company (except as auditor) and be entitled to remuneration for professional services as if he were not a director;

- (d) be or become a member or director of, or hold any other office or place of profit under, or otherwise be interested in, any holding company or subsidiary undertaking of that holding company or any other company in which the Company may be interested; and
- (e) be or become a director of any other company in which the Company does not have an interest if that cannot reasonably be regarded as likely to give rise to a conflict of interest at the time of his appointment as a director of that other company.

5.10.15 A director shall not vote (or be counted in the quorum at a meeting) in respect of any resolution concerning his own appointment (including fixing and varying its terms), or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment (including fixing or varying its terms), or the termination of the appointment, of two or more directors to offices or places of profit with the Company or any company in which the Company is interested, those proposals may be divided and considered in relation to each director separately; and in such case, each of the directors concerned (if not otherwise debarred from voting under the Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment or the termination of his own appointment.

5.10.16 A director shall not vote (or be counted in the quorum at a meeting) in respect of any transaction or arrangement with the Company in which he has an interest which may reasonably be regarded as likely to give rise to a conflict of interest. Notwithstanding the above, a director may vote (and be counted in the quorum) on: (A) any transaction or arrangement in which he is interested by virtue of an interest in shares, debentures or other securities of the Company or otherwise in or through the Company; (B) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings, or a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part (either alone or jointly with others) under a guarantee or indemnity or by the giving of security; (C) indemnification (including loans made in connection with it) by the Company in relation to the performance of his duties on behalf of the Company or of any of its subsidiary undertakings; (D) any issue or offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings in respect of which he is or may be entitled to participate in his capacity as holder of any such securities or as an underwriter or sub underwriter; (E) any transaction or arrangement concerning any other company in which he does not hold, directly or indirectly as shareholder, or through his direct or indirect holdings of financial instruments (within the meaning of Chapter 5 of the Disclosure Guidance and Transparency Rules) voting rights representing 1.0 per cent. or more of any class of shares in the capital of such company; (F) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which does not accord to him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and (G) the purchase or maintenance of insurance for the benefit of directors or for the benefit of persons including directors.

5.11 **General meetings**

5.11.1 An annual general meeting shall be held in accordance with the applicable statutory provisions at such place as may be determined by the Board. Other general meetings shall be held whenever the Board thinks fit or on the requisition of shareholders in accordance with the Act.

5.11.2 Subject to the applicable statutory provisions, an annual general meeting shall be called by at least 21 clear days' notice and all other general meetings shall be called by not less than 14 clear days' notice or by not less than such minimum notice period as is permitted by the applicable statutory provisions.

5.11.3 The requisite quorum for general meetings of the Company shall be two qualifying persons, representing different members and entitled to vote on the business to be transacted at the meeting. A qualifying person is an individual who is a member of the Company, a corporate representative, or a proxy.

5.11.4 The board shall determine whether any general meeting is to be held as a physical general meeting or a combination of a physical and electronic general meeting. Each person who is present at any place of the meeting or who is attending it electronically, and who would be entitled to count towards the quorum, shall be counted in the quorum for, and shall be entitled to vote at, the meeting.

5.12 **Borrowing powers**

There is no requirement on the directors to restrict the borrowing of the Company or any of its subsidiary undertakings.

5.13 **Change of name**

The Board may change the name of the Company.

5.14 **Dividends**

5.14.1 *Declaration of dividends*

The Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profits, and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the Board.

5.14.2 *Fixed and interim dividends*

The Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, none of the directors shall incur any liability to the holders of shares conferring preferred rights for any loss such holders may suffer in consequence of the payment of an interim dividend on any shares having non-preferred or deferred rights.

5.14.3 *Calculation and currency of dividends*

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide: (A) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share; (B) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; and (C) dividends may be declared or paid in any currency and the Board may agree with any member that dividends which may at any time or from time to time be declared or become due on his shares in one currency shall be paid or satisfied in another, and may agree the basis of conversion to be applied and how and when the amount to be paid in the other currency shall be calculated and paid and for the Company or any other person to bear any costs involved.

5.14.4 *Dividends not to bear interest*

No dividend or other moneys payable by the Company on or in respect of any share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

5.14.5 *Calls or debts may be deducted from dividends*

The Board may deduct from any dividend or other monies payable to any person (either alone or jointly with another) on or in respect of a share all such sums as may be due from him (either alone or jointly with another) to the Company on account of calls or otherwise in relation to shares of the Company.

5.14.6 *Dividends in specie*

With the authority of an ordinary resolution of the Company and on the recommendation of the Board, payment of any dividend may be satisfied wholly or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company.

5.14.7 *Scrip dividends*

The Board may, with the authority of an ordinary resolution of the Company, offer any holders of any particular class of shares the right to elect to receive further shares of that class by way of scrip dividend instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution.

5.14.8 *Unclaimed dividends*

Any dividend unclaimed for a period of 12 years after having been declared shall be forfeited and cease to remain owing by the Company.

5.15 **Forfeiture of shares**

5.15.1 If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the Board may give a notice to the holder requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest.

5.15.2 If the requirements of a notice are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the Board. The forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

5.15.3 Every share which is forfeited or surrendered shall become the property of the Company and (subject to the applicable statutory provisions) may be sold, re-allotted or otherwise disposed of, upon such terms and in such manner as the Board shall decide either to the person who was before the forfeiture the holder of the share or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up.

5.16 **Communications by the Company**

Subject to the applicable statutory provisions, a document or information may be sent or supplied by the Company to any member in electronic form to such address as may from time to time be authorised by the member concerned or by making it available on a website and notifying the member concerned (in accordance with the applicable statutory provisions) of the presence of a document or information on the website. A member shall be deemed to have agreed that the Company may send or supply a document or information by means of a website if the applicable statutory provisions have been satisfied.

5.17 **Directors' indemnity, insurance and defence**

As far as the applicable statutory provisions allow, the Company may:

5.17.1 indemnify any director of the Company (or of an associated body corporate) against any liability;

5.17.2 indemnify a director of a company that is a trustee of an occupational pension scheme for employees (or former employees) of the Company (or of an associated body corporate) against liability incurred in connection with the company's activities as trustee of the scheme;

5.17.3 purchase and maintain insurance against any liability for any director referred to in paragraphs 5.17.1 or 5.17.2 above; and

5.17.4 provide any director referred to in paragraphs 5.17.1 or 5.17.2 above with funds (whether by loan or otherwise) to meet expenditure incurred or to be incurred by him in defending any criminal, regulatory or civil proceedings or in connection with an application for relief (or to enable any such director to avoid incurring such expenditure).

5.18 **Changes in capital**

The provisions of the Articles governing the conditions under which the Company may alter its share capital are no more stringent than the conditions imposed by the Act.

6. **The City Code, Mandatory Bids, Squeeze-Out and Sell-Out Rules**

6.1 **Mandatory bids**

When any person, together with persons acting in concert with him, is interested in shares carrying not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person. Such an offer would have to be made in cash and at the highest price paid for any interest in shares by that person or by any person acting in concert with it within the 12 months prior to the announcement of the offer.

6.2 **The Concert Party**

It has been agreed with the Panel that the concert party comprises the persons (together with their respective interests) set out in the table (the “**Concert Party**”) at each of the following points:

- a) Before Admission and before conversion of loan notes under the Loan Note Instruments and exercise of options over ordinary shares;
- b) Before Admission and after conversion of loan notes under the Loan Note Instruments and exercise of options over ordinary shares and the Reorganisation;
- c) At Admission and post-Placing; and
- d) On a fully diluted basis (assuming all LTIP Options and options over Ordinary Shares granted pursuant to the Company’s SAYE Scheme held by the relevant members of the Concert Party are exercised in full but that no other Options are exercised).

	<i>Before Admission and Before Conversions*</i>		<i>Before Admission and After Conversions**</i>		<i>Post On Admission and Post Fundraising</i>		<i>Admission On a Fully Post Diluted Basis***</i>	
	No.	%	No.	%	No.	%	No.	%
(1) Chris Hand	2,617,217	17.1%	11,228,868	15.4%	11,228,868	11.7%	11,228,868	11.7%
(2) Catenalucis LLC	1,816,566	11.9%	7,266,264	10.0%	7,266,264	7.6%	7,266,264	7.6%
(3) Chris Yates	1,408,461	9.2%	6,513,844	8.9%	6,513,844	6.8%	6,904,469	7.2%
(4) Thornapple LLP	1,486,125	9.7%	6,113,124	8.4%	6,113,124	6.4%	6,113,124	6.4%
(5) Brett Pollard	399,934	2.6%	1,599,736	2.2%	1,599,736	1.7%	1,599,736	1.7%
(6) Godstow Holdings LLC	–	–	1,423,160	2.0%	1,423,160	1.5%	1,423,160	1.5%
(7) Prof Mark Drayson	328,318	2.1%	1,313,272	1.8%	1,313,272	1.4%	1,313,272	1.4%
(8) Jason Borrows	253,376	1.7%	1,294,548	1.8%	1,294,548	1.4%	1,294,548	1.3%
(9) Nicholas Properties UK Limited	–	–	712,456	1.0%	712,456	0.7%	712,456	0.7%
(10) Chris Lewis	161,000	1.1%	644,000	0.9%	644,000	0.7%	644,000	0.7%
(11) Tracie Lewis	161,000	1.1%	644,000	0.9%	644,000	0.7%	644,000	0.7%
(12) Humble Rogue Ventures LLC	–	–	566,988	0.8%	566,988	0.6%	566,988	0.6%
(13) Prof Roy Jefferis	121,255	0.8%	485,020	0.7%	485,020	0.5%	485,020	0.5%
(14) Dr Mark Cobbold	115,481	0.8%	461,924	0.6%	461,924	0.5%	461,924	0.5%
(15) Kaden Biotech Limited	–	–	427,604	0.6%	427,604	0.4%	427,604	0.4%
(16) Phil Hand	50,782	0.3%	273,496	0.4%	273,496	0.3%	273,496	0.3%
(17) Richard Marlow	28,744	0.2%	114,976	0.2%	114,976	0.1%	114,976	0.1%
(18) Nicola Hand	28,000	0.2%	182,328	0.3%	182,328	0.2%	182,328	0.2%
Total	8,976,259	58.6%	41,265,608	56.7%	41,265,608	43.1%	41,656,233	43.4%

* Before Conversion of Loan Notes, the Reorganisation and exercise of options over ordinary shares held by Option Holders

** After Conversion of Loan Notes, the Reorganisation and exercise of options over ordinary shares held by Option Holders

*** Assuming all LTIP Options and options over Ordinary Shares granted pursuant to the Company’s SAYE Scheme held by the relevant members of the Concert Party are exercised in full but that no other options are exercised

(1) Chris Hand is Non-Executive Chairman and co-founder of the Company

(2) Max Duckworth, a former Non-Executive Director of the Company, has equity interests in 43.78% of CatenaLucis LLC

(3) Chris Yates is Chief Executive Officer and co-founder of the Company

(4) Max Duckworth, a former Non-Executive Director of the Company, has equity interests in 100% of Thornapple LLP

(5) Brett Pollard is a co-founder of the Company

- (6) David Frederick is the underlying investor in Godstow Holdings LLC and an associate of Max Duckworth
- (7) Professor Mark Drayson was a co-founder of Serascience Limited, which was acquired by BSVL in 2010, a joint venture between Abingdon Health and the University of Birmingham
- (8) Jason Borrows is an associate of Max Duckworth
- (9) Nicholas Kypros is the underlying investor in Nicholas Properties UK Limited and an associate of Max Duckworth
- (10) Chris Lewis (husband of Tracie Lewis) is an associate of Chris Hand
- (11) Tracie Lewis (wife of Chris Lewis) is an associate of Chris Hand
- (12) Humble Rogue Ventures LLC has invested in other companies in which Max Duckworth has an equity interest
- (13) Professor Roy Jefferis is an associate of Professor Mark Drayson
- (14) Dr Mark Cobbold is a an associate of Professor Mark Drayson
- (15) The underlying investor in Kaden Biotech Limited is Jason Borrows, an associate of Max Duckworth
- (16) Phil Hand (husband of Nicola Hand) is a close relative of Chris Hand
- (17) Richard Marlow is a former Financial Director and current part-time employee of the Company
- (18) Nicola Hand (wife of Phil Hand) is a close relative of Chris Hand

On Admission, the Concert Party will have an interest in 41,265,608 Ordinary Shares, in aggregate, representing 43.1 per cent. of the Enlarged Share Capital (on an undiluted basis). As more fully described in Part IV of this document, the Concert Party could (based on a number of assumptions) come to have an interest in aggregate up to 41,656,233 Ordinary Shares (following the exercise of all options held by its members), representing a maximum potential interest of up to 43.4 per cent. of the Enlarged Share Capital (as enlarged by such exercise).

Since, on Admission, the Concert Party will have an interest in not less than 30 per cent. of the Enlarged Share Capital but will hold not more than 50 per cent. of the Enlarged Share Capital, if members of the Concert Party acquire any further interest in Ordinary Shares, apart from pursuant to the specific grant of options referred to above, such acquisition will, subject to Note 4 on Rule 9.1, result in an obligation under Rule 9 of the City Code upon the Concert Party to make a general offer for the remaining Ordinary Shares of the Company not already held by the Concert Party, at a price not less than the highest price paid by any member of the Concert Party for any Ordinary Shares in the previous 12 months.

Note 1 on the dispensations from Rule 9 provides that the Panel will normally waive the obligation to make a Rule 9 offer as a result of the issue of new shares provided that the waiver is approved by a vote of independent shareholders. It has been agreed with the Panel, however, that, on account of the disclosures made above, an obligation under Rule 9 will not arise as a result of the issue of new Ordinary Shares to members of the Concert Party following the exercise of those options referred to above, without the requirement to seek the approval of independent shareholders. This dispensation shall not apply in relation to the issue of any other new Ordinary Shares to the Concert Party outside of the specific grant of options referred to above.

6.3 **Compulsory acquisition – squeeze out**

Under sections 974 to 991 of the Act, if within certain time limits, an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates, it may then compulsorily acquire the outstanding shares not assented to the offer. The offeror would accept the compulsory acquisition by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, it would execute a transfer of the outstanding shares in its favour and pay the consideration for the shares to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

6.4 **Compulsory acquisition – sell out**

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer. Certain time limits apply to this entitlement. The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three

months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

7. Interests of the Directors

7.1(a) The following table sets out the interests of the Directors and their families (within the meaning set out in the AIM Rules for Companies) (including any interest known to that Director which could with reasonable diligence be ascertained by him or her) in the issued share capital of the Company as at the date of this document, immediately prior to Admission and, assuming that the Placing is fully subscribed, immediately following Admission:

<i>Name</i>	<i>As at the date of this document</i>		<i>Immediately prior to Admission</i>		<i>Immediately following Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>% of Voting Shares¹</i>	<i>No. of Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>	<i>No. of Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
Chris Hand	2,617,217	17.1%	11,228,868	15.4%	11,228,868	11.7%
Chris Yates	1,408,461	9.2%	6,513,844	8.9%	6,513,844	6.8%
Scott Page	–	–	531,980	0.7%	531,980	0.6%

¹ 'Voting Shares' means together the ordinary shares of £0.001 each in the capital of the Company and the A ordinary shares of £0.001 each in the capital of the Company, as at the date of this document.

7.1(b) The following table sets out details of the options held over ordinary shares of £0.001 each by the Directors pursuant to the EMI Schemes as at the date of this document:

<i>Name</i>	<i>No. of Ordinary Shares under option</i>	<i>Exercise price per Ordinary Share</i>
Chris Hand	190,000	£0.001
Chris Yates	220,000	£0.001
Scott Page	132,995	£0.001

Options held by the Directors pursuant to the EMI Schemes will be exercised prior to Admission (as detailed in paragraph 4.2 of this Part IV), such that no options will be held by the Directors pursuant to the EMI Schemes immediately following Admission.

7.1(c) The Company has in place the Abingdon Health Ltd Non-Employee Scheme pursuant to which 80,000 options over ordinary shares of £0.001 each have been granted to Lyn Rees. These options are currently outstanding and exercisable (in such number as the Directors may determine following the Reorganisation) within 180 days of Admission, or if not exercised shall immediately lapse at the end of that period.

7.1(d) Lyn Rees holds £25,000 of loan notes under the Loan Note Instrument. Mr Rees has elected to convert his loan notes into ordinary shares of £0.001 each in the manner described in paragraph 4.3 of this Part IV.

7.2 Share options have been granted to certain Directors conditionally on and with effect from Admission under the Share Option Scheme(s) (described at paragraph 13.3.1).

7.3 There are no outstanding loans granted or guarantees provided by the Company to, or for the benefit of, any of the Directors.

- 7.4 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or under-performed.
- 7.5 Save as disclosed in this paragraph 7, none of the Directors or any person connected with a Director (within the meaning of section 252 to 255 of the Act) has any interest, whether beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries or is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for difference or a fixed odds bet).

8. Directors' Service Agreements and Letters of Appointment

- 8.1 The Directors have been appointed to the offices and roles set out against their respective names below. The service agreements and letters of appointment summarised below are each between the respective Director and the Company.

8.2 Executive Directors

- 8.2.1 Chris Yates (*Chief Executive Officer*) will enter into a service agreement with the Company on or around the date of this document. Mr Yates' continuous employment date is 29 June 2015. His appointment is terminable on six months' notice by either party and the agreement contains provisions for early termination, without notice, in certain circumstances, including if the director is prevented or prohibited by law from being a director or is in serious (after written warning) repeated breach of any of his obligations to the Company or of any legal duty owed to it. Mr Yates salary is £225,000 per annum. The agreement also provides for Mr Yates to join, subject to eligibility, such registered group or personal pension scheme as has been set up by the company, a private medical scheme, life assurance, as well as the repayment of all reasonable expenses properly and reasonably incurred in the performance of the director's duties. The agreement contains post-termination restrictive covenants and confidentiality obligations.
- 8.2.2 Scott Page (*Finance Director*) will enter into a service agreement with the Company dated on or around the date of this document. Mr Page's continuous employment date is 31 July 2017. His appointment is terminable on six months' notice by either party and the agreement contains provisions for early termination, without notice, in certain circumstances, including if the director is prevented or prohibited by law from being a director or is in serious (after written warning) repeated breach of any of his obligations to the Company or of any legal duty owed to it. Mr Page's salary is £110,000 per annum. The agreement also provides for Mr Page to join, subject to eligibility, such registered group or personal pension scheme as has been set up by the company, a private medical scheme, life assurance, as well as the repayment of all reasonable expenses properly and reasonably incurred in the performance of the director's duties. The agreement contains post-termination restrictive covenants and confidentiality obligations.

8.3 Non-Executive Directors

- 8.3.1 Dr Chris Hand (*Non-Executive Chairman*) will enter into a service agreement with the Company on or around the date of this document. Dr. Hand's continuous employment date is 1 February 2012. His appointment is terminable on six months' notice by either party and the agreement contains provisions for early termination, without notice, in certain circumstances, including if the director is prevented or prohibited by law from being a director or is in serious (after written warning) repeated breach of any of his obligations to the Company or of any legal duty owed to it. Dr. Hand's salary is £75,000 per annum. The agreement also provides for Dr Hand to join, subject to eligibility, a life assurance scheme, as well as the repayment of all reasonable expenses properly and reasonably incurred in the performance of the director's duties. The agreement contains post-termination restrictive covenants and confidentiality obligations.
- 8.3.2 Lyn Rees (*Non-Executive Director*) will enter into a letter of appointment with the Company on or around the date of this document. The appointment is for an initial term of three years commencing on 1 November 2020, terminable on one month's notice by either party. The

terms of the appointment letter entitle Mr Rees to a director's fee of £35,000 per annum gross plus £5,000 as Chair of the Remuneration Committee. Mr Rees is also entitled to the reimbursement of reasonable travelling and other expenses incurred in performing his duties. The appointment is subject to re-appointment pursuant to the Articles. There are no benefits payable on the termination of the appointment.

8.3.4 Mary Tavener (*Non-Executive Director*) entered into a letter of appointment with the Company dated 29 October 2020. The appointment is for an initial term of three years commencing on 26 October 2020 terminable on one month's notice by either party. The terms of the appointment letter entitle Ms Tavener to a director's fee of £35,000 per annum gross plus £5,000 gross as chair of the audit committee. Ms Tavener is also entitled to the reimbursement of reasonable travelling and other expenses incurred in performing her duties. The appointment is subject to re-appointment pursuant to the Articles. There are no benefits payable on the termination of the appointment.

8.4 The aggregate remuneration and benefits in kind paid by the Company to the Directors in respect of the financial period ended 30 June 2020 was £465,088. It is estimated that under the arrangements currently in force as at the date of this document, the aggregate remuneration payable and benefits in kind to be granted to the Directors by the Company for the financial period ending 30 June 2021 will be no less than £642,867.

9. Additional Information on the Directors

9.1 Other than in respect of the Company, the names of all companies and partnerships of which the Directors have been a director or partner at any time in the five years preceding the date of this document (and indicating whether they are current or former) are set out below:

<i>Name</i>	<i>Current Directorships/ Partnerships</i>	<i>Former Directorships/ Partnerships</i>
Chris Yates	Forsite Diagnostics Limited Genedrive plc Serascience Limited	Bioscience Ventures Limited
Christopher Hand	Albagaia Ltd Alta Bioscience Ltd Forsite Diagnostics Ltd Hydrosense Ltd Molecular Vision Ltd	Bioscience Ventures Limited Linear Diagnostics Ltd
Scott Page	Serascience Limited Forsite Diagnostics Limited	None
Lyn Rees	Concepta plc Delta Diagnostics (UK) Limited Ex5 Genomics (UK) Limited Yourgene Health plc Yourgene Health UK Ltd	Alchemy Laboratories Ltd Alere BBI Holdings Limited BB Healthcare Limited BBI Acquisition Limited BBI Animal Health Limited BBI Detection Limited BBI Diagnostics Group 2 plc BBI Diagnostics Group Limited BBI Enzymes Limited BBI Enzymes (UK) Limited BBI Enzymes (USA) Limited BBI Group Holding Limited BBI Healthcare Limited BBI Resources Limited BBI Solutions OEM Limited British Biocell International Limited Eagle SPV 2 Limited Eagle SPV 3 Limited Novarum DX Limited Scipac Limited

<i>Name</i>	<i>Current Directorships/ Partnerships</i>	<i>Former Directorships/ Partnerships</i>
Mary Tavener	Allergy Therapeutics plc	Advanced Medical Solutions Group plc Advanced Healthcare Systems Ltd Advanced Medical Solutions (Plymouth) Ltd Advanced Medical Solutions (UK) Ltd Advanced Medical Solutions BV Advanced Medical Solutions (Europe) Ltd Advanced Medical Solutions Germany GmBH Advanced Medical Solutions Limited AMS Trustee Company Ltd Advanced Medical Solutions USA inc Cuddington and Sandiway Playing Fields Association Ltd Innovative Technologies Limited Medlogic Global Holdings Ltd MPN Medizin Produkte Neustadt GmbH Resorba Medical GmBH

- 9.2 Save as disclosed in this paragraph 9, none of the Directors has:
- 9.2.1 any unspent convictions in relation to indictable offences;
- 9.2.2 been or is the subject of any bankruptcy order made against him or her or been the subject of any form of individual voluntary arrangements;
- 9.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors while he or she was a director of that company or within the 12 months after he or she ceased to be a director;
- 9.2.4 been a partner in any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement or where the assets of any such partnership have been subject of a receivership while he was a partner in that partnership or within the 12 months after he or she ceased to be a partner in that partnership;
- 9.2.5 been the owner of any asset or been a partner in any partnership which owned any asset which while he or she owned that asset, or while he or she was a partner or within the 12 months after he or she ceased to be a partner in the partnership which owned the asset, which has at any time been the subject of a receivership;
- 9.2.6 been the subject of any public criticism and/or investigation by any statutory or regulatory authority (including recognised professional body); or
- 9.2.7 ever been or is disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.
- 9.3 Save as disclosed in this document, none of the Directors has or have had any personal interest in transactions which are or were unusual in their nature or conditions and which are or were significant to the business of the Company and which were effected by any member of the Company in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- 9.4 No loans made or guarantees granted or provided by any member of the Company to or for the benefit of any Director are outstanding and there are no loans or guarantees provided by any of the Directors for the Company or its wholly-owned subsidiaries.

10. Significant Shareholders

- 10.1 (a) Save as disclosed in paragraph 7.1 of this Part IV, the Company is only aware of the following persons who, as at the date of this document and immediately following Admission, are or will be immediately following Admission interested (within the meaning used in Chapter 5 of the Disclosure Guidance and Transparency Rules) directly or indirectly, jointly or severally, in 3 per cent. or more of the Company's issued share capital or could exercise control over the Company:

	<i>No. of A ordinary shares of £0.001 each</i>	<i>At the date of this document No. of ordinary shares</i>	<i>Percentage of Voting Shares¹</i>	<i>Immediately following Admission No. of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
NPIF/Mercia	3,916,450	–	25.6%	18,071,164	18.9%
CatenaLucis LLC ²	–	1,816,566	11.9%	7,266,264	7.6%
Thornapple LLP ²	–	1,486,125	9.7%	6,113,124	6.4%
Touchstone	–	1,047,640	6.8%	4,190,560	4.4%
Unicorn Asset Management Chelverton Asset Management Ltd	–	–	–	4,167,750	4.4%
Axa Investment Managers	–	–	–	3,906,000	4.1%
University of Birmingham	–	863,624	5.6%	3,600,000	3.8%
				3,454,496	3.6%

¹ 'Voting Shares' means together the ordinary shares of £0.001 each in the capital of the Company and the A ordinary shares of £0.001 each in the capital of the Company, as at the date of this document.

² Max Duckworth, a former Non-Executive Director of the Company, has equity interests in 43.78% of CatenaLucis LLC and 100% of Thornapple LLP.

- 10.1 (b) NPIF/Mercia holds £600,000 of loan notes under the Loan Note Instrument (as more fully described in paragraph 14.2 of this Part IV). NPIF/Mercia has elected to convert its loan notes into ordinary shares of £0.001 each in the manner described in paragraph 4.3 of this Part IV.
- 10.2 Save as disclosed in paragraph 10.1 above, the Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company and none of the Company or any of the Directors is aware of any arrangement the operation of which may at a subsequent date result in a change of control of the Company.
- 10.3 None of the Directors nor any persons named in paragraph 10.1 above has voting rights which are different to those of other Shareholders.

11. Employees

As at 31 October 2020 the Group had a total of 119 permanent employees across all locations.

12. Remuneration policy

12.1 The Company's remuneration policy is designed to provide a framework to:

- attract, motivate and retain executives and senior management to deliver the Company's strategic, business development and growth goals;
- incentivise strong financial performance and reward the delivery of the Company's business plan;
- align the interests of executives and senior management with the interest of shareholders; and
- adhere to principles of good corporate governance.

12.2 As an AIM company, the Company is not required to have a shareholder-approved Directors' remuneration policy. However, the Board is committed to achieving high standards of corporate governance, integrity and business ethics, and the Remuneration Committee has approved the

following remuneration policy for its Directors which it intends to operate on a voluntary basis post-Admission.

12.2.1 *Salary*

Salaries are reviewed annually and are set at a level considered appropriate for the size and nature of the business, taking into account individual performance, and pay and conditions, of the wider workforce.

12.2.2 *Pension contribution*

Directors will be assessed for eligibility to participate in the Company's Group personal pension plan under the terms of auto enrolment.

12.2.3 *Benefits*

Directors will receive market competitive benefits, including (but not limited to) private medical insurance.

12.2.4 *Share Option Schemes*

Employees (including Executive Directors) may participate, at the discretion of the Remuneration Committee, in the Company's Share Option Schemes, which are summarised at paragraph 13 of this Part V.

13. **Employee Share Plans**

13.1 ***Outstanding share options***

13.1.1 The Company has previously operated the EMI Schemes. All EMI Schemes options will be exercised as detailed in paragraph 4.2 of this Part IV, and no further options will be granted under the EMI Schemes.

13.1.2 The Company has in place the Abingdon Health Ltd Non-Employee Scheme pursuant to which 80,000 options over ordinary shares of £0.001 each have been granted to Lyn Rees. These options are currently outstanding and are exercisable (in such numbers as the Directors may determine following the Reorganisation) within 180 days from the date of Admission, and if not exercised by such date shall lapse.

13.2 ***New Employee Share Plans***

On or around the date of Admission, the Company will adopt a new long-term incentive plan, being the Abingdon Health plc Long Term Incentive Plan Share Option Scheme (**LTIP**) and a new all employee share option plan, being the Abingdon Health plc Save as you Earn Plan (**SAYE**), to be operated at and following Admission.

The principal terms of the LTIP and the SAYE are summarised below.

13.3 ***LTIP***

The LTIP permits the grant of awards (**LTIP Awards**) as tax advantaged options (**EMI Options**) under the Enterprise Management Incentives legislation or as non-tax advantaged conditional share awards, options or restricted shares.

It is anticipated that the first grant of LTIP Awards to Executive Directors ("**Initial Executive LTIP Awards**") shall be made at or shortly after the Admission to the Executive Directors of the Company on the basis shown in the table below:

	<i>Number of Ordinary Shares</i>	<i>Exercise Price</i>
Chris Yates	390,625	Nil
Scott Page	137,500	Nil

The Initial Executive LTIP Awards will be subject to stretching performance conditions.

It is anticipated that the first grant of EMI Options (“**Initial LTIP Awards**”) shall be made at or shortly after the Admission to other employees of the Company over a total of 292,211 of Ordinary Shares.

13.3.1 *Eligibility*

Employees (including Executive Directors of the Group) are eligible for selection to participate in the LTIP at the discretion of the Board.

LTIP Awards may only be granted as EMI Options to employees who meet the qualifying criteria under the EMI legislation.

13.3.2 *Grant of LTIP Awards*

The Board will have absolute discretion to select the persons to whom LTIP Awards may be granted under the LTIP and, subject to the limits set out below, in determining the number of Ordinary Shares to be subject to each LTIP Award.

Subject to any dealing restrictions LTIP Awards may be granted to an eligible employee at any time.

No LTIP Awards may be granted more than 10 years from the date when the LTIP was adopted.

13.3.3 *Performance and other conditions*

The Board may impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the underlying measurement period for such conditions will ordinarily be three years. The proposed performance conditions for the Initial LTIP Awards will be based on achieving financial targets which will be measured over three financial years.

Any performance condition applying to LTIP Awards may be varied, substituted or waived if an event occurs which causes the Board to consider that such performance condition is no longer appropriate. Such variation, substitution or waiver shall be effected in such manner as is reasonable in the circumstances and except in the case of waiver, produces a fairer measure of performance and is not materially less difficult to satisfy than if the event had not occurred.

The Board may also impose other conditions on the vesting of LTIP Awards.

13.3.4 *Malus and Clawback*

The Board may decide, at the vesting of LTIP Awards or at any time before, that the number of Ordinary Shares subject to an LTIP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- discovery of a material misstatement resulting an adjustment in the audited accounts of the Group or any Group company,
- the assessment of any performance condition or condition in respect of an LTIP Award was based on error, or inaccurate or misleading information, or
- action or conduct of a participant which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct.

Additionally, if at any time during the two year period following the vesting of an LTIP Award any of the circumstances set out above occur, then the Board may seek to recover or clawback an amount equal to the value of such LTIP Award. Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash or reduction of awards under the LTIP or any other employee share scheme established by the Company.

13.3.5 *Vesting and exercise*

LTIP Awards will normally vest on the third anniversary of the date of grant of the LTIP Award to the extent that any applicable performance conditions have been satisfied and to the extent permitted following any operation of malus or clawback.

LTIP Awards that are granted in the form of options (**LTIP Options**) will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from grant.

13.3.6 *Dividend equivalents*

In respect of any LTIP Award (other than an award of restricted shares or an award of EMI Options), the Board may decide that participants will receive a payment (in cash and/or additional Ordinary Shares) equal in value to any dividends that would have been paid on the Ordinary Shares which vest under that LTIP Award by reference to the period between the time when the relevant award was granted and the time when the relevant LTIP Award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

13.3.7 *Cessation of employment*

If a participant dies or ceases to be employed by the Company by reason of ill-health, injury, disability, redundancy, retirement, the transfer of the participant's employing company or business to a company outside of the Group, or for any other reason at the discretion of the Board any unvested Option will vest on the usual vesting date to the extent determined by the Board, in its absolute discretion, taking into account the extent to which any performance condition has been satisfied at such time and (unless the Board determines otherwise) the period of time that had elapsed from the date of grant to the date of death or cessation of employment.

Alternatively, the Board may decide that the participant's LTIP Award will vest immediately upon cessation of employment in which case the proportion of the LTIP Award which shall vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the satisfaction of any performance conditions and (unless the Board determines otherwise) the period of time that had elapsed from the date of grant to the date of death or cessation of employment.

For all other participants who cease employment, their LTIP Award will lapse.

13.3.8 *Corporate events*

In the event of a takeover, scheme of arrangement, or winding-up of the Company, the LTIP Awards will vest in full at the time of the corporate event.

To the extent that LTIP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company such LTIP Options may be exercised for a period of six months from date of the relevant event (or in the case of takeover such longer period as the Board determines) and will lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine that LTIP Awards shall vest. The proportion of the LTIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time. LTIP Options that vest in such circumstances may be exercised during such period as the Board determines and will lapse at the end of that period.

If there is a corporate event resulting in a new company acquiring control of the Company, the Board may (with the consent of the acquiring company and the participant) alternatively decide that LTIP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

13.3.9 *Awards not transferable*

LTIP Awards are not transferable other than to a participant's personal representatives in the event of death.

13.3.10 *Limits*

LTIP Awards may be satisfied by way of new issue shares, treasury shares or shares purchased in the market.

Under the rules of the LTIP, no award may be made if it would result in the aggregate number of Ordinary Shares issued (or committed to be issued) under the LTIP (together with those issued, or committed to be issued, under any other employee share scheme) in the preceding 10 year period to exceed 10 per cent. of the issued ordinary share capital of the Company at that time.

Under the EMI legislation, EMI Options may not be granted to any employee if such employee would hold unexercised EMI Options over Ordinary Shares with a market value equal to or greater than £249,999 (measured on the date of grant).

Further, no option may be granted as an EMI Option if it would mean that the aggregate market value of Ordinary Shares subject to all EMI Options would exceed £3,000,000 (measured on the date of grant).

13.3.11 *Variation of capital*

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted under each of the LTIP, including to the number of Ordinary Shares subject to LTIP Awards and the option exercise price (if any), as it considers to be fair and reasonable.

13.3.12 *Rights attaching to Ordinary Shares*

Except in relation to LTIP Awards granted in the form of restricted shares, Ordinary Shares granted subject to LTIP Awards under the LTIP will not confer any rights on any participant until the relevant LTIP Award has vested or the relevant LTIP Option has been exercised and the participant in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when an LTIP Option is exercised or an LTIP Award vests will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue).

13.3.13 *Amendments*

The Board may, at any time, amend the provisions of any of the LTIP in any respect. However, amendments may not be made which adversely affect the rights of participants except where the participants affected by the change are notified of such amendment and the majority of participants approve such amendment or such amendments are to take account of any matter or circumstance which the Board reasonably considers is a legal or regulatory requirement.

13.3.14 *Benefits not pensionable*

The benefits received under the LTIP are not pensionable.

13.4 **SAYE**

13.4.1 *Introduction*

The SAYE is an all employee share plan pursuant Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003. Benefits under the SAYE are not pensionable.

13.4.2 *Eligibility*

All employees (including full time directors) of the Company or any participating subsidiary to which the SAYE has been extended and who have been employed for a qualifying period of such length as the Board may determine (up to a maximum of 5 years) shall be eligible to participate in the SAYE.

13.4.3 *Savings Contract*

In order to participate in the SAYE, an employee must enter into a linked savings contract with a bank or building society to make contributions from salary on a monthly basis over a three or five year period which shall be determined by the Board on each occasion that invitations under SAYE are made. Contributions may be made between £5 – £500 or such higher amount as permitted under the SAYE legislation (or such lesser sum as the Board may determine).

At the end of the three or five year savings contract, employees may either withdraw their savings on a tax free basis or utilise such sum to exercise their SAYE options and acquire Ordinary Shares.

13.4.4 *Option Price*

Each employee who enters into a savings contract shall be granted an option at an exercise price determined by the Board, being not less than 80 per cent. of the market value of an Ordinary Share at the date invitations are issued to participants.

13.4.5 *Options*

Options may be granted by the Board to eligible employees. The number of Ordinary Shares over which an option may be granted is limited to the number that may be acquired at the option price out of the proceeds of the linked savings contract. The SAYE options are not transferable and may only be exercised by the relevant employee or their personal representative in the case of death.

Options may not be granted after the ten year anniversary of the adoption of the SAYE.

13.4.6 *Exercise of Options*

Options may generally only be exercised for a period of six months following the maturity of the related savings contract. If not exercised by the end of this period, such options shall lapse.

13.4.7 *Leaving employment*

Options may be exercised earlier in certain specified circumstances including death, retirement, cessation of employment due to injury, disability, redundancy, retirement or where the business or company in which the employee works is no longer owned by the Group.

In such cases, options may be exercised within six months of leaving, to the extent that the funds then available in the participant's savings contract permit. In the case of death, personal representatives may normally exercise within twelve months of the date of death.

Otherwise options will lapse on cessation of employment.

13.4.8 *Corporate events*

In addition, early exercise may be allowed on a takeover, scheme of arrangement or voluntary winding-up of the Company. Alternatively, such options may be exchanged for options in any acquiring company with the agreement of such company.

13.4.9 *Overall limit on the Issue of Ordinary Shares*

In any period of ten years, the number of Ordinary Shares which may be issued or committed to be issued pursuant to the SAYE or any other employees share plan operated by the Company including the LTIP, shall not exceed 10 per cent. of the nominal value of the Ordinary Share capital of the Company in issue at such time.

13.4.10 *Rights attaching to Ordinary Shares*

Ordinary Shares issued on the exercise of SAYE Options will rank equally with all other Ordinary Shares of the Company for the time being in issue (save as regards any rights attaching to Ordinary Shares by reference to a record date preceding the date of exercise). If Ordinary Shares are issued on exercise of the SAYE options, application will be made for such Ordinary Shares to be admitted to trading on AIM.

13.4.11 *Variation of Share Capital*

The number of Ordinary Shares over which an SAYE Option is granted, the exercise price or the description of the Ordinary Shares may be adjusted by Board in such manner as it shall determine following any variation in the share capital including a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue, sub-division, consolidation or reduction in the capital of the Company.

13.4.12 *Alteration of the SAYE*

The Board may, at any time, amend the rules of the SAYE scheme in any respect. However, amendments may not be made which adversely affect the rights of participants except where the participants affected by the change are notified of such amendment and the majority of participants approve such amendment or such amendments are to take account of any matter or circumstance which the Board reasonably considers is a legal or regulatory requirement.

14. **Material Contracts**

Other than as set out below and in paragraph 15 of this Part IV, and other than contracts in the ordinary course of business, neither the Company nor any member of the Group, has entered into any contract in the two years immediately prior to the date of this document which is or may be material, or which contains any provision under which the Company or any member of the Group has any obligation or entitlement which is material to the Company as at the date of this document.

14.1 **Concepta plc – Asset Purchase Agreement**

14.1.1 On 17 April 2020, the Company entered into an asset purchase agreement with Concepta plc and Concepta Diagnostics Limited (the “**Concepta entities**”) to acquire certain assets from the Concepta entities, including the lease to the Concepta entities’ Doncaster premises, two employees who transferred to the Group and a number of assets subject to lease hire arrangements, in favour of Shawbrook Bank Limited (“**Shawbrook**”). These leases were to be novated to the Company (in accordance with the terms of the asset purchase agreement) by way of a novation deed pursuant to which the Company would assume the benefit and obligations of the Concepta entities under the lease agreements, and accordingly, the liability to pay the monthly rental payments. However, due to Shawbrook’s anti-money laundering requirements, these leases have not yet been novated to the Company, although the Company has been accruing these monthly payments as a liability in its accounts.

14.2 **Loan Note Instruments**

14.2.1 On 20 May 2020, the Company entered into a loan note instrument to constitute up to £3,000,000 in aggregate of convertible unsecured loan notes. On 16 June 2020, the Company amended and restated the loan note instrument to constitute up to a further £500,000 in aggregate of convertible unsecured loan notes. On 27 October 2020, the Company further amended and restated the loan note instrument to introduce some mechanical changes to facilitate the Admission process (the “**Loan Note Instrument**”).

14.2.2 Pursuant to the terms of the Loan Note Instrument, the Company shall notify each Noteholder of a proposed financing in the Company in an amount in excess of £10,000,000 by the issue of equity securities in a single transaction or series of related transactions (a “**Qualified Financing**”). The loan note holders may then elect to redeem their loan notes, or convert their loan notes into ordinary shares of £0.001 each in each case together with accrued interest up to such date. The conversion price on a Qualified Financing shall be as set out in the Loan Note Instrument.

14.2.3 The loan notes constituted under Loan Note Instruments shall be redeemed or converted on the day prior to Admission as set out in paragraph 4.3 of this Part IV.

14.3 **Placing Agreement**

Pursuant to the Placing Agreement dated on or around the date of this document between the Company, each Director and N+1 Singer:

14.3.1 N+1 Singer has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price;

14.3.2 the Placing Agreement is conditional on, *inter alia*, Admission occurring by 8.00 a.m. on 15 December or by such later date as is agreed in writing between the Company and N+1 Singer, being not later than 8.00 a.m. on 16 December 2020;

14.3.3 the Placing Agreement contains certain customary warranties from the Company and the existing Directors in favour of N+1 Singer, as to the accuracy of the information in this document and certain other matters concerning the Company and an indemnity from the Company to N+1 Singer and its affiliates in respect of certain liabilities and claims that may arise or be made against them in connection with the Placing and Admission;

14.3.4 the Company has agreed to pay N+1 Singer a corporate finance fee together with a commission based on the aggregate value of the Placing Shares subscribed at the Placing Price, and the costs and expenses of the Placing, together with any applicable VAT;

14.3.5 N+1 Singer has the right to terminate the Placing Agreement prior to Admission in certain circumstances, including, *inter alia*, any breach by the Company or any Director of any of their respective obligations or warranties in the Placing Agreement or in certain force majeure circumstances. If the Placing Agreement is terminated, the Placing will not proceed and no shares will be issued under the Placing; and

14.3.6 the Placing Agreement is governed by English law and is subject to the exclusive jurisdiction of the English Courts.

14.4 **Nominated Adviser and Broker Agreement**

The Company and N+1 Singer have entered into a nominated adviser and broker agreement dated 17 September 2020 (the “**Nominated Adviser and Broker Agreement**”), pursuant to which, and conditional upon Admission, the Company has appointed N+1 Singer to act as its nominated adviser and broker for the purposes of the AIM Rules for Companies. The Company has agreed to pay N+1 Singer an annual advisory fee for its services as nominated adviser and broker under such agreement, payable quarterly in advance from the date of Admission.

The Nominated Adviser and Broker Agreement contains certain undertakings from the Company and indemnities given by the Company in respect of, among other things, compliance with all laws and applicable regulations. N+1 Singer has the right to terminate the Nominated Adviser and Broker Agreement in certain circumstances, including, among other things, any breach by the Company or any Director of any of their respective obligations. The Nominated Adviser and Broker Agreement is subject to termination by either the Company or N+1 Singer on not less than three months’ prior written notice such notice not to be given prior to the date which is 12 months following Admission.

14.5 **Lock-in Agreements**

Pursuant to the Lock-in Agreements, each of the Locked-in Shareholders (such Shareholders together holding 64,948,008 Ordinary Shares at Admission representing 67.9 per cent. of the Enlarged Share Capital) has undertaken to the Company and N+1 Singer that, save in specified and customary

circumstances summarised below, they will not dispose of Ordinary Shares held by them (or enter into a transaction with the same economic effect) for the period ending: (i) in the case of Touchstone and IP2IPO Innovations Limited (together holding 4,190,560 Ordinary Shares), 3 months from Admission, and (ii) in the case of all other Locked-In Shareholders (together holding 60,757,448 Ordinary Shares), 12 months from Admission, (“the Restricted Period”).

In addition, the Locked-in Shareholders have agreed, for a further period of: (i) in the case of Touchstone and IP2IPO Innovations Limited, 9 months following expiry of the Restricted Period, and (ii) in the case of all other Locked-In Shareholders, 12 months following the expiry of the Restricted Period, not to dispose of any Ordinary Shares except through N+1 Singer with a view to maintaining an orderly market in the Ordinary Shares.

There are certain market standard exceptions to the restrictions on disposal set out in the Lock-in Agreements, including among others, disposals to (in certain circumstances) a person acting in the capacity of a trustee of a trust, disposals in acceptance of a general offer made to all Shareholders, disposals by court order, disposal in the event of financial hardship of a Locked-in Shareholder who is an employee Shareholder, and disposals by the personal representative after the death of a Locked-in Party (if applicable).

As detailed in paragraph 13.1.2 of this Part IV, Lyn Rees (a Non-Executive Director) has been granted 80,000 options over ordinary shares of £0.001 each which are currently outstanding and exercisable (in such numbers as the Directors may determine following the Reorganisation). Mr Rees’ Lock-in Agreement provides for the disposal of such number of Ordinary Shares that would enable him to cover any resulting personal tax liabilities, should Mr Rees decide to exercise his options over Ordinary Shares during the Restricted Period.

14.6 **Orderly Market Agreements**

Pursuant to the terms of the Orderly Market Agreements, certain Shareholders who hold in aggregate 7,387,248 Ordinary Shares (representing 7.7 per cent. of the Enlarged Share Capital) have agreed for a period of 12 months from Admission not to dispose of any Ordinary Shares except through N+1 Singer. The Orderly Market Agreements are intended to maintain an orderly market in the Ordinary Shares after Admission.

14.7 **Shareholders’ Agreement and Deed of Termination**

The Company entered into an investment and shareholders’ agreement with certain shareholders dated 18 January 2019 (the “**Shareholders’ Agreement**”). The Shareholders’ Agreement terminates with effect from Admission, such termination being without prejudice to any accrued rights. However, such number of the parties to the Shareholders’ Agreement who together hold the requisite percentage of the voting rights in the Company in order to terminate the Shareholders’ Agreement have entered into a deed of termination with respect to that agreement (dated on or around the date of this document), which shall take effect immediately prior to the issue of any shares as part of the Placing. Each of the parties to the deed of termination waives any claims they have against the other parties to the Shareholders’ Agreement for past breaches.

14.8 **CBI Loan**

In May 2020, the Company entered into a facility agreement with Barclays Bank plc for a facility under the UK Government’s Coronavirus Business Interruption Loan Scheme, of up to a principal amount of £250,000. The full amount under the facility was drawn down by the Company, and interest accrues at the rate per annum equal to the aggregate of 2.5 per cent. and the Bank of England Bank Rate from time to time, payable monthly. The principal is payable monthly over a three year period, with a 12 month capital repayment holiday. The Company’s obligations under the facility are partially guaranteed by the UK Government in the event of default. The Company’s liability owed to Barclays Bank plc is secured by a debenture entered into between the Company and Barclays Bank plc on 30 June 2020 by way of a fixed and floating charge over all of the Company’s present and future undertaking and assets, including real property.

15. Related Party Transactions

The following transactions are the only related party transactions which, as a single transaction or in their entirety, are or may be material (within the meaning of the AIM Rules for Companies) to the Company and have been entered into by the Company during the periods for which historical financial information appears in this document and in respect of the period commencing on 1 July 2020 to the date of this document:

- 15.1 the transactions referred to in note 29 to the financial statements in Part III of this document; and
- 15.2 the Shareholders' Agreement.

16. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the last 12 months preceding the date of this document, a significant effect on the Company's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company or its wholly-owned subsidiaries save for:

- (i) On 4 November 2020 the Company was named as an interested party in proceedings brought against the Government (Secretary of State for Health and Social Care) by the Good Law Project (the 'Claimant') seeking judicial review of the procurement process for the award of the DHSC Contract under the Public Contract Regulations 2015. One of the grounds concerns an alleged failure to conduct sufficient inquiry or evaluation into the accuracy of the Company's rapid antibody tests, which the Board believes will be addressed in the substantive response to the Claimant. The Good Law Project referred to a British Medical Journal (BMJ) article in November 2020 which questioned the efficacy of the AbC-19TM assay [i.e. the AbC-19TM Rapid Test]. The Company responded to the BMJ article in a press release available to view on the Company's website. Within this press release the Company noted that "the Department for Health & Social Care (DHSC) had reviewed in detail the Public Health England (PHE) report on the UK-RTC AbC-19TM assay prior to ordering kits" and the DHSC had provided, *inter alia*, the following statements: (1) "This [BMJ] report shows these tests are approved for use in surveillance studies, which is what they were purchased for. (2) This robust evaluation was carried out by PHE at the Department's [DHSC's] request before any purchase was made, and PHE approved the test for use in surveillance studies."

The Good Law Project is a not for profit organisation that seeks to use the law and strategic litigation aimed at protecting issues that it considers to be of public interest. The Claimant has sought to bring other judicial reviews and proceedings against the Government, including in relation to the award of other Covid-19 related procurement contracts. On 5 November 2020, an order was made to transfer the claim to the Technology and Construction Court. The Claimant is requesting that its application for permission for judicial review shall be considered as soon as practicable after 16 December 2020. As it is an application for judicial review there is no potential economic sanction or any potential damages award being made against the Company. Further consideration of the potential impact from different possible outcomes of the judicial review are described more fully on page 33 of Part II of this document under the heading 'Loss of business from DHSC could have a significant impact on the Group's results of operations and overall financial condition'. If the judicial review is successful, it is possible that the DHSC Contract could be shortened pending the completion of a new procurement exercise. The Company does not believe that such an outcome would have a material impact on its business as it could participate in a new procurement exercise and/or, assuming MHRA regulatory approval for home use is obtained, sell the product to other interested parties.

17. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next twelve months from the date of admission to AIM.

18. Significant Change

Save as disclosed in this document, there has been no significant change in the financial position and financial performance of the Group since 30 June 2020, being the date to which the audited financial information in Part III has been prepared.

19. General

- 19.1 The gross proceeds of the Placing are expected to be £22.0 million, with the total net proceeds of the Placing receivable by the Company after settling fees expected to be approximately £20 million. The total costs and expenses relating to Admission and the Placing (including those fees and commissions referred to in paragraph 14.3.4 above) payable by the Company are estimated to be £2.0 million (excluding VAT).
- 19.2 The Placing Shares are not being offered generally and no applications have or will be accepted other than under the terms of the Placing Agreement. All the Placing Shares have been placed firm with Placees. The Placing is not being guaranteed or underwritten by any person.
- 19.3 Moneys received from Placees pursuant to the Placing will be held in accordance with the terms and conditions of the Placing until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 16 December 2020, application moneys will be returned to the Placees at their risk without interest.
- 19.4 The Placing Price represents a premium of 95.975 pence over the nominal value of 0.025 pence per Ordinary Share.
- 19.5 N+1 Singer, the nominated adviser and broker to the Company, is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority. N+1 Singer has given and not withdrawn its written consent to the inclusion in this document of its name and reference to it in the form and context in which they appear.
- 19.6 BDO LLP, the reporting accountant and auditor to the Company, is a firm of chartered accountants regulated by the Institute of Chartered Accountants in England and Wales. BDO LLP has given and not withdrawn its written consent to the inclusion in this document of its report in relation to the Financial Information included in Section A of Part III of this document and accepts responsibility for the same pursuant to Schedule Two of the AIM Rules for Companies.
- 19.7 Where information in this document has been sourced from a third party, this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 19.8 It is expected that definitive share certificates will be despatched by hand or first class post within 10 business days of Admission. In respect of uncertificated shares, it is expected that Shareholders' CREST stock accounts will be credited as soon as reasonably practical on 15 December 2020.
- 19.9 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of shares under CREST. The Company has applied for the issued and to be issued Ordinary Shares to be admitted to CREST and it is expected that the issued and to be issued Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST.
- 19.10 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the twelve months preceding its application for Admission to AIM or entered into contractual agreements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following: (i) fees totalling £10,000 or more; (ii) its securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 19.11 The ISIN for the Ordinary Shares is GB00BLF79J41.
- 19.12 Pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules a person must notify the Company of the percentage of its voting rights he holds as shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights: (a) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100

per cent. as a result of an acquisition or disposal of shares or such financial instruments; or (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure Guidance and Transparency Rules. Certain voting rights held by investment managers, unit trusts, open-ended investment companies and market makers can be disregarded except at the thresholds of 5 per cent. and 10 per cent. and above.

19.13 The accounting reference date of the Company is 30 June.

20. Historical audit report

The independent auditor's report for the financial year ended 30 June 2019, which was not qualified, included an emphasis of matter paragraph in relation to the Group's ability to continue as a going concern as follows:

“Material uncertainty related to going concern

We draw attention to note 1.4 to the financial statements, which indicates that as part of a forecasting exercise performed for the next twelve months from the date of approval of these financial statements, there remains uncertainty as to the level of sales that will be achieved, the amount of cost reduction that may be required and the amount of funding that could be raised from shareholders or external investors. As stated in note 1.4, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

Note 1.4 to the financial statements for the year ended 30 June 2019 included the following disclosure:

“Going concern

The Directors have concluded that it is necessary to draw attention to the revenue and cost forecasts in the business plans. In order for the Group and Company to continue as a going concern, there is a requirement to achieve a certain level of sales. Given the Company is in the early stages of developing certain products and transferring those to volume contract manufacturing arrangements, the forecast level of sales in the next 12 months is subject to inherent uncertainty.

If an adequate sales level cannot be achieved to support the Group and Company, the Directors have the options to reduce ongoing spend or seek additional funding from shareholders or providers of working capital facilities. While the Board is confident that it will achieve the required revenue and has a successful track record in both cutting costs and raising funds, there remains uncertainty as to the level of sales that will be achieved, the amount of cost reduction that may be required and the amount of funding that could be raised from shareholders or external investors. This combination of factors represents a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

However, based on the relative likelihood of achieving versus not achieving, the Board believe it is appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements. These financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.”

21. UK Taxation

The following information is based on UK tax law and HM Revenue and Customs (“**HMRC**”) practice currently in force in the UK (2020/21 UK tax year). Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person (individual or corporate) who is in any doubt about his or her position should contact their professional advisor immediately.

21.1 Tax treatment of UK investors

The following information, which relates only to UK taxation, is applicable to persons who are tax resident in the UK under domestic law and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently

in force in the UK. The information is not exhaustive and does not apply to potential investors:

- (a) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 5 per cent., of any of the classes of shares in the Company; or
- (b) who will be required to treat the Ordinary Shares as “employment related securities” for UK tax purposes; or
- (c) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- (d) who are in any doubt as to their UK taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares (in the case of a temporary non-resident where the Ordinary Shares were acquired in the temporary period of non-residence). Such Shareholders should consult their own tax advisers concerning their tax liabilities.

21.2 **UK Dividends**

Where the Company pays dividends no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes may, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

UK dividend income received by UK tax resident individuals will have a £2,000 per annum dividend tax allowance. UK dividend receipts in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

21.3 **Disposals of Ordinary Shares**

Any capital gain arising on the sale, redemption, transfer, gift, or other disposal of these Ordinary Shares will be taxed at the time of such disposal under UK capital gains tax/corporation tax provisions.

The rate of capital gains tax on the disposal of Ordinary Shares by individuals will depend on their marginal rate of UK tax. Capital gains falling within the basic rate band will be subject to tax at a rate of 10 per cent. with capital gains accruing to higher or additional rate tax payers being subject to tax at a rate of 20 per cent. Please note that the UK Government commissioned a review of the capital gains tax regime in July 2020 and these rates could increase in future years.

For Shareholders within the charge to UK corporation tax who acquired Ordinary Shares before 1 January 2018, indexation allowance up until 31 December 2017 may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to a company’s taxable profits (including gains) is currently 19 per cent.

21.4 **Further information for Shareholders subject to UK income tax and capital gains tax**

Transactions in securities

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1

of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel “tax advantages” derived from certain prescribed “transactions in securities”. Should these specific provisions apply the result could be to re-characterise capital gains as income.

21.5 **Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- (a) the Ordinary Shares are admitted to trading on AIM, but are not listed on any other market which is not a “recognised growth market” (with the terms “listed” and “recognised growth market” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- (b) AIM continues to be accepted as a “recognised growth market” (as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances.

Any transfer of Ordinary Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or SDRT.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.

22. Availability of this document

Copies of this document are available free of charge at the offices of the Company’s solicitors, Bristows LLP, 100 Victoria Embankment, London, EC4Y 0DH during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and shall remain available for at least one month after Admission. An electronic version of this document will also be available to download from the Company’s website, <https://www.abingdonhealth.com/> from Admission.

11 December 2020

PART V

TERMS AND CONDITIONS OF THE PLACING

PLACING TERMS

IMPORTANT INFORMATION FOR INVITED PLACEEES ONLY REGARDING THE PLACING.

THE INFORMATION AND TERMS CONTAINED IN THIS DOCUMENT AND THIS PART V (THE “PLACING TERMS”) ARE RESTRICTED AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, THE REPUBLIC OF IRELAND, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS DOCUMENT AND THE PLACING TERMS ARE FOR INFORMATION PURPOSES ONLY AND IS DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (“EEA”) AND THE UNITED KINGDOM WHO ARE “QUALIFIED INVESTORS” AS DEFINED IN ARTICLE 2(E) OF THE PROSPECTUS REGULATION (REGULATION 2017/1129); AND (B) ADDITIONALLY IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) (INVESTMENT PROFESSIONALS) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “ORDER”); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”).

THIS DOCUMENT AND THE INFORMATION IN IT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS DOCUMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS DOCUMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

THIS DOCUMENT IS NOT AN OFFER OF SECURITIES FOR SALE INTO THE UNITED STATES. THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS AND AT THE SOLE DISCRETION OF THE COMPANY, THE PLACING SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN “OFFSHORE TRANSACTIONS” WITHIN THE MEANING OF, AND IN ACCORDANCE WITH, REGULATION S UNDER THE SECURITIES ACT AND OTHERWISE IN ACCORDANCE WITH APPLICABLE LAWS. NO PUBLIC OFFERING OF THE PLACING SHARES IS BEING MADE IN THE UNITED STATES, THE UNITED KINGDOM OR ELSEWHERE. NO MONEY, SECURITIES OR OTHER CONSIDERATION FROM ANY PERSON INSIDE THE UNITED STATES IS BEING SOLICITED AND, IF SENT IN RESPONSE TO THE INFORMATION CONTAINED IN THIS DOCUMENT, WILL NOT BE ACCEPTED.

EACH PLACEE SHOULD CONSULT WITH ITS ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN PLACING SHARES. THE DISTRIBUTION OF THIS DOCUMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT MAY BE RESTRICTED

BY LAW IN CERTAIN JURISDICTIONS, AND ANY PERSON INTO WHOSE POSSESSION THIS DOCUMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, SUCH RESTRICTIONS.

Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligation to forward a copy of this Document should seek appropriate advice before taking any action.

This Document should be read in its entirety. In particular, you should read and understand the information provided in this Part V.

By participating in the Placing, each person who chooses to participate in the Placing (a **"Placee"**) will be deemed to have read and understood this document in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Part V.

In particular, each such Placee represents, warrants, undertakes, agrees and acknowledges (amongst other things) that:

- 1 it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
- 2 in the case of a Relevant Person in a member state of the EEA or the United Kingdom (each, a **"Relevant State"**) who acquires any Placing Shares pursuant to the Placing:
 - 2.1 it is a Qualified Investor within the meaning of Article 2(e) of the Prospectus Regulation;
 - 2.2 in the case of any Placing Shares acquired by it as a financial intermediary:
 - 2.2.1 the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant State other than Qualified Investors or in circumstances in which the prior consent of N+1 Singer has been given to the offer or resale; or
 - 2.2.2 where Placing Shares have been acquired by it on behalf of persons in any Relevant State other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
- 3 it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this Document;
- 4 it understands (or if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Part V;
- 5 except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any account referred to in paragraph 3 above) is outside the United States acquiring the Placing Shares in offshore transactions as defined in and in accordance with Regulation S under the Securities Act;
- 6 it acknowledges that the Placing Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or transferred, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States; and
- 7 the Company and N+1 Singer will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

No prospectus

No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Placing or the Placing Shares and Placees' commitments will be made solely on the basis of the information contained in this Document and any information publicly announced through a Regulatory

Information Service (as defined in the AIM Rules for Companies (the “**AIM Rules**”)) by or on behalf of the Company on or prior to Admission (the “**Publicly Available Information**”) and subject to any further terms set forth in the form of confirmation to be sent to individual Placees.

Each Placee, by participating in the Placing, agrees that the content of this Document is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any information (other than the Publicly Available Information), representation, warranty or statement made by or on behalf of N+1 Singer, the Company or any other person and none of N+1 Singer, the Company or any other person acting on such person’s behalf nor any of their respective affiliates has or shall have any liability for any Placee’s decision to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

N +1 Singer makes no representation to any Placees regarding an investment in the Placing Shares.

Details of the Placing Agreement and the Placing Shares

Pursuant to the Placing Agreement with the Company and subject to the terms and conditions set out in the Placing Agreement, N+1 Singer, as agent for and on behalf of the Company, has agreed to use its reasonable endeavours to procure Placees for the Placing Shares at the Placing Price.

The Placing Shares will, when issued, be subject to the articles of association of the Company and credited as fully paid and will rank pari passu in all respects with the Existing Ordinary Shares in the Company, including the right to receive all dividends and other distributions declared, made or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares.

Application for admission to trading

Application will be made to the London Stock Exchange for admission of the Ordinary Shares (Including the Placing Shares) to trading on AIM. It is expected that Admission will become effective at 8.00 a.m. on or around 15 December 2020 and that dealings in the Ordinary Shares on AIM will commence at the time of Admission.

Participation in the Placing

This Part V gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares. N+1 Singer and the Company shall be entitled to effect the Placing by such alternative method as they may, in their sole discretion, determine.

Principal terms of the Placing

- 1 N+1 Singer is acting as nominated adviser, financial adviser and bookrunner to the Placing, as agent for and on behalf of the Company. N+1 Singer is authorised and regulated in the United Kingdom by the Financial Conduct Authority (“**FCA**”) and is acting exclusively for the Company and no one else in connection with the matters referred to in this Document and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of N+1 Singer or for providing advice in relation to the matters described in this Document.
- 2 Participation in the Placing will only be available to persons who may lawfully do so, and who are, invited by N+1 Singer to participate in the Placing. N+1 Singer and any of its respective affiliates are entitled to participate in the Placing as principal.
- 3 The final number of Placing Shares to be acquired at the Placing Price will be agreed and determined between N+1 Singer and the Company and such details will be announced by the Company through a Regulatory Information Service pursuant to the placing results announcement.

- 4 Each Placee's allocation in the Placing shall be determined by N+1 Singer and the Company. Placees commitments to acquire the Placing Shares will be made orally to N+1 Singer on a recorded telephone line and a form of confirmation documenting such commitment will be dispatched by N+1 Singer by email as soon as possible thereafter. That oral confirmation will give rise to an irrevocable, legally binding commitment by that person (who at that point becomes a Placee), in favour of N+1 Singer and the Company, under which it agrees to acquire the number of Placing Shares allocated to the Placee at the Placing Price and otherwise on the terms and subject to the conditions set out in this Part V and in accordance with the Company's articles of association. Except with N+1 Singer's written consent, such commitment will not be capable of variation or revocation at the time at which it is submitted. The terms of this Part V will also be deemed incorporated in the form of confirmation.
- 5 Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to N+1 Singer (as agent for the Company), to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to acquire and the Company has agreed to allot and issue to that Placee.
- 6 Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing is/are confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".
- 7 All obligations of N+1 Singer under the Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Termination of the Placing".
- 8 By participating in the Placing, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
- 9 To the fullest extent permissible by law and applicable FCA rules, none of: (a) N+1 Singer, (b) any of N+1 Singer's affiliates, agents, directors, officers, consultants, (c) to the extent not contained within (a) or (b), any person connected with N+1 Singer as defined in the Financial Services and Markets Act 2000 ("FSMA") ((b) and (c) being together "**affiliates**" and individually an "**affiliate**" of N+1 Singer), (d) any person acting on N+1 Singer's behalf, shall have any liability (including to the extent permissible by law, any fiduciary duties) to Placees or to any other person whether acting on behalf of a Placee or otherwise. In particular, neither N+1 Singer nor any of its respective affiliates shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of their conduct of the

Placing or of such alternative method of effecting the Placing as N+1 Singer and the Company may agree.

Registration and Settlement

If Placees are allocated any Placing Shares in the Placing they will be sent a form of confirmation or electronic trade confirmation by N+1 Singer, as soon as it is able which will confirm the number of Placing Shares allocated to them, the Placing Price and the aggregate amount owed by them to N+1 Singer.

Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by N+1 Singer in accordance with either the standing CREST or certificated settlement instructions which they have in place with N+1 Singer.

Settlement of transactions in the Placing Shares following Admission will take place within the CREST system, subject to certain exceptions. Settlement through CREST is expected to take place in respect of the Placing Shares on 15 December 2020 and Admission is expected to occur no later than 8.00 a.m. on 15 December 2020 unless otherwise notified by N+1 Singer.

It is expected that the EIS/VCT Placing Shares will be issued unconditionally to potential subscribers on 14 December 2020 (or such later date as the Company and N+1 Singer may agree in writing, being no later than 16 December 2020), being the business day prior to Admission. The issue of the EIS/VCT Placing Shares is not conditional upon the issue of the balance of the Placing Shares and Admission. However, it is conditional, *inter alia*, on:

- (i) the performance by the Company of its obligations under the Placing Agreement in so far as the same fall to be performed prior to completion of the EIS/VCT Placing;
- (ii) the Placing Agreement having been entered into and it having not been terminated prior to the issue of the EIS/VCT Placing Shares; and
- (iii) the satisfaction or, where appropriate, the waiver of all other conditions set out in the Placing Agreement relating to the issue of the EIS/VCT Placing Shares.

Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and N+1 Singer may agree that the Placing Shares should be issued in certificated form. N+1 Singer reserves the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as they deem necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above, in respect of either CREST or certificated deliveries, at the rate of 2 percentage points above prevailing LIBOR as determined by N+1 Singer.

Each Placee agrees that, if it does not comply with these obligations, N+1 Singer may sell, charge by way of security (to any funder of N+1 Singer) or otherwise deal with any or all of their Placing Shares on their behalf and retain from the proceeds, for N+1 Singer's own account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due and any costs and expenses properly incurred by N+1 Singer as a result of the Placee's failure to comply with its obligations. The relevant Placee will, however, remain liable for any shortfall below the amount owed by it and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of their Placing Shares on their behalf. Legal and/or beneficial title in and to any Placing Shares shall not pass to the relevant Placee until such time as it has fully complied with its obligations hereunder.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees must ensure that, upon receipt, the conditional form of confirmation or electronic trade confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to United Kingdom stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

Conditions of the Placing

Other than in respect of the EIS/VCT Placing Shares, the Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms. The issue of the EIS/VCT Placing Shares is conditional upon (a) to (f) below only and is therefore not conditional on Admission.

The obligations of N+1 Singer under the Placing Agreement are, and the Placing is, conditional upon, *inter alia*:

- (a) the Company allotting the new shares in accordance with the terms of the Placing Agreement;
- (b) the performance by the Company of its obligations under the Placing Agreement to the extent that they fall to be performed prior to Admission;
- (c) agreement by the Company and N+1 Singer of the final number of Placing Shares to be issued at the Placing Price pursuant to the Placing and the allocation of such Placing Shares to Placees;
- (d) N+1 Singer not having exercised its right to terminate the Placing Agreement; and
- (e) Admission occurring by not later than 8.00 a.m. on 15 December 2020 (or such later date as the Company and N1 Singer may agree in writing, in any event being not later than 16 December 2020),

(all conditions to the obligations of N+1 Singer included in the Placing Agreement being together, the "**conditions**").

If any of the conditions set out in the Placing Agreement are not fulfilled or, where permitted, waived in accordance with the Placing Agreement within the stated time periods (or such later time and/or date as the Company and N+1 Singer may agree, provided that the time for satisfaction of the condition set out in (e) above shall not be extended beyond the Longstop Date, or the Placing Agreement is terminated in accordance with its terms, the Placing will lapse and the Placee's rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Placing, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under "Termination of the Placing" below and will not be capable of rescission or termination by it.

Certain conditions may be waived in whole or in part by N+1 Singer, in its absolute discretion by notice in writing to the Company and N+1 Singer may also agree in writing with the Company to extend the time for satisfaction of any condition. Any such extension or waiver will not affect Placees' commitments as set out in this Document.

N+1 Singer may terminate the Placing Agreement in certain circumstances, details of which are set out below.

Neither N+1 Singer, the Company nor any of their respective affiliates, agents, directors, officers, employees shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision any of them may make as to the satisfaction of any condition or in respect of the Placing and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of N+1 Singer.

Termination of the Placing

N+1 Singer may terminate the Placing Agreement, in accordance with its terms, at any time prior to Admission if, *inter alia*:

- 1 it comes to the attention of N+1 Singer that any of the warranties were not true or accurate, when given or deemed given, which N+1 Singer reasonably considers to be material; or
- 2 it comes to the attention of N+1 Singer that the Company has failed, in any material respect, to comply with any of its obligations under the Placing Agreement; or
- 3 it comes to the attention of N+1 Singer that any statement contained in the placing documents has become or been discovered to be untrue, incorrect or misleading, which N+1 Singer reasonably considers to be material;
- 4 it comes to the attention of N+1 Singer that a matter has arisen before Admission to give rise to an indemnity claim under the Placing Agreement, which N+1 Singer reasonably considers to be material; or
- 5 there has occurred a force majeure event, or any material adverse change has occurred in the financial position or prospects or business of the Company and its subsidiary undertakings (taken as whole) which, in the opinion of N+1 Singer, will or is likely to be prejudicial to the Placing or Admission or to the acquisition of Placing Shares by Placees.

If the Placing Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Placing as described in this Document shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Placing, each Placee agrees with the Company and N+1 Singer that the exercise by the Company or N+1 Singer of any right of termination or any other right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company or N+1 Singer and that neither of the Company nor N+1 Singer need make any reference to such Placee and that neither N+1 Singer, the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under the “Conditions of the Placing” section above and will not be capable of rescission or termination by it after the issue by N+1 Singer of a form of confirmation confirming each Placee’s allocation and commitment in the Placing.

Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) Schemes

The Company has applied for, and has received, advance assurance from HMRC to the effect that, subject to receipt of a satisfactory compliance statement from the Company, the EIS/VCT Placing Shares are capable of satisfying the requirements for EIS Relief. The Company expects the EIS/VCT Placing Shares to be capable of constituting a qualifying holding for VCT Relief purposes.

The status of the EIS/VCT Placing Shares as a qualifying holding for VCT purposes will be conditional (amongst other things) on the qualifying conditions being satisfied throughout the period of ownership. The status of the EIS/VCT Placing Shares as qualifying for EIS Relief will be conditional (amongst other things) on the qualifying conditions being satisfied, both by the Company and (as regards those conditions to be met by the investor) the investor throughout a period of at least three years from the date of issue. There can be no assurance that the Company will conduct its activities in a way that will secure or retain qualifying status for VCT and/or EIS purposes (and indeed circumstances may arise where the directors of the Company believe that the interests of the Group are not served by seeking to retain such status). Further, the conditions for VCT Relief and EIS Relief are complex and relevant investors are recommended to seek their own professional advice before investing. This paragraph is without prejudice to any separate comfort letter which may have been given by the Company to certain VCT investors in connection with the EIS/VCT Placing.

Representations, warranties and further terms

By participating in the Placing, each Placee (and any person acting on such Placee’s behalf) represents, warrants, acknowledges and agrees (for itself and for any such prospective Placee) that (save where N+1 Singer expressly agree in writing to the contrary):

- 1 it has read and understood this Document in its entirety and that its acquisition of the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements and undertakings and other information contained herein and that it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with Admission, the Placing, the Company, the Placing Shares or otherwise, other than the information contained in this Document and the Publicly Available Information;
- 2 it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document: (a) is required under the Prospectus Regulation; and (b) has been or will be prepared in connection with the Placing;
- 3 the Ordinary Shares are admitted to trading on AIM, and that the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules, which includes a description of the nature of the Company’s business and the Company’s most recent balance sheet and profit and loss account and that it is able to obtain or access such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded company, without undue difficulty;
- 4 it has made its own assessment of the Placing Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing and neither N+1 Singer, the Company nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company or any other person other than the information in this Document, or the Publicly Available Information; nor has it requested neither of N+1 Singer, the Company, any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information;
- 5 neither N+1 Singer, any person acting on behalf of them or any of their respective affiliates, agents, directors, officers or employees has or shall have any liability for any Publicly Available Information, or

- any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
- 6 (a) the only information on which it is entitled to rely on and on which it has relied in committing to acquire the Placing Shares is contained in the Publicly Available Information and this document, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has made its own assessment of the Company, the Placing Shares and the terms of the Placing based on Publicly Available Information and the information contained in this document; (b) neither N+1 Singer, the Company nor any of their respective affiliates, agents, directors, officers or employees has made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Publicly Available Information and the information contained in this document; (c) it has conducted its own investigation of the Company, the Placing and the Placing Shares, satisfied itself that the information is still current and relied on that investigation for the purposes of its decision to participate in the Placing; and (d) has not relied on any investigation that N+1 Singer or any person acting on their behalf may have conducted with respect to the Company, the Placing or the Placing Shares;
 - 7 the content of this Document and the Publicly Available Information has been prepared by and is exclusively the responsibility of the Company and that neither N+1 Singer nor any persons acting on behalf of it is responsible for or has or shall have any liability for any information, representation, warranty or statement relating to the Company contained in this Document or the Publicly Available Information nor will they be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this Document, the Publicly Available Information or otherwise. Nothing in this Part V shall exclude any liability of any person for fraudulent misrepresentation;
 - 8 the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Placing Shares under the securities laws of the United States, or any state or other jurisdiction of the United States, the Republic of Ireland, Australia, Canada, Republic of South Africa or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, the Republic of Ireland, Australia, Canada, South Africa or Japan or in any country or jurisdiction where any such action for that purpose is required;
 - 9 it and/or each person on whose behalf it is participating:
 - 9.1 is entitled to acquire Placing Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions;
 - 9.2 has fully observed such laws and regulations;
 - 9.3 has capacity and authority and is entitled to enter into and perform its obligations as an acquirer of Placing Shares and will honour such obligations; and
 - 9.4 has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placee, all necessary consents and authorities to agree to the terms set out or referred to in this Part V) under those laws or otherwise and complied with all necessary formalities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto and, in particular, if it is a pension fund or investment company it is aware of and acknowledges it is required to comply with all applicable laws and regulations with respect to its acquisition of Placing Shares;
 - 10 it is not, and any person who it is acting on behalf of is not, and at the time the Placing Shares are acquired will not be, a resident of, or with an address in, or subject to the laws of, Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa, and it acknowledges and agrees that the Placing Shares have not been and will not be registered or otherwise qualified under the securities legislation of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;
 - 11 the Placing Shares have not been, and will not be, registered under the Securities Act and may not be offered, sold or resold in or into or from the United States except pursuant to an effective registration under the Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws;

and no representation is being made as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;

- 12 it and the beneficial owner of the Placing Shares is, and at the time the Placing Shares are acquired will be, outside the United States and acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the Securities Act;
- 13 it (and any account for which it is purchasing) is not acquiring the Placing Shares with a view to any offer, sale or distribution thereof within the meaning of the Securities Act;
- 14 it will not distribute, forward, transfer or otherwise transmit this Document or any part of it, or any other presentational or other materials concerning the Placing in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
- 15 neither N+1 Singer, its respective affiliates, agents, directors, officers or employees nor any person acting on behalf of any of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of N+1 Singer and N+1 Singer has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 16 it has the funds available to pay for the Placing Shares for which it has agreed to acquire and acknowledges and agrees that it will make payment to N+1 Singer for the Placing Shares allocated to it in accordance with the terms and conditions of this Document on the due times and dates set out in this Document, failing which the relevant Placing Shares may be placed with others on such terms as N+1 Singer may, in its absolute discretion determine without liability to the Placee and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this Document) which may arise upon the sale of such Placee's Placing Shares on its behalf;
- 17 no action has been or will be taken by any of the Company, N+1 Singer or any person acting on their behalf that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;
- 18 the person who it specifies for registration as holder of the Placing Shares will be: (a) the Placee; or (b) a nominee of the Placee, as the case may be. Neither N+1 Singer nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to acquire Placing Shares pursuant to the Placing and agrees to pay the Company and N+1 Singer in respect of the same (including any interest or penalties) on the basis that the Placing Shares will be allotted to a CREST stock account of N+1 Singer or transferred to a CREST stock account of N+1 Singer who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;
- 19 it is acting as principal only in respect of the Placing or, if it is acting for any other person, (a) it is duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person and (b) it is and will remain liable to the Company and N+1 Singer for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);
- 20 the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that it is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Placing Shares would give rise to such a liability;
- 21 it and any person acting on its behalf (if within the United Kingdom) falls within Article 19(5) and/or 49(2) of the Order and undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;

- 22 it will not make an offer to the public of the Placing Shares and it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom or elsewhere in the EEA prior to the expiry of a period of six months from Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA or an offer to the public in any other member state of the EEA within the meaning of the Prospectus Regulation;
- 23 it is a person of a kind described in: (a) Article 19(5) (Investment Professionals) and/or 49(2) (High net worth companies etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, and/or an authorised person as defined in section 31 of FSMA; and (b) Article 2(e) of the Prospectus Regulations (“**Qualified Investor**”). For such purposes, it undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;
- 24 it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
- 25 it has complied and it will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all relevant provisions of the FSMA in respect of anything done in, from or otherwise involving the United Kingdom);
- 26 if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Regulation (including any relevant implementing measure in any member state), the Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA or the United Kingdom other than Qualified Investors, or in circumstances in which the express prior written consent of N+1 Singer has been given to the offer or resale;
- 27 it has neither received nor relied on any confidential price sensitive information about the Company in accepting this invitation to participate in the Placing;
- 28 neither N+1 Singer nor any of its respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has or shall have any liability for any information, representation or statement contained in this Document or for any information previously published by or on behalf of the Company or any other written or oral information made available to or publicly available or filed information or any representation, warranty or undertaking relating to the Company, and will not be liable for its decision to participate in the Placing based on any information, representation, warranty or statement contained in this Document or elsewhere, provided that nothing in this paragraph shall exclude any liability of any person for fraud;
- 29 neither N+1 Singer, the Company, nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of N+1 Singer, the Company or their respective affiliates, agents, directors, officers or employees is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing nor providing advice in relation to the Placing nor in respect of any representations, warranties, acknowledgements, agreements, undertakings, or indemnities contained in the Placing Agreement nor the exercise or performance of N+1 Singer’s rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 30 N+1 Singer may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Placing Shares and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise and, except as required by applicable law or regulation, N+1 Singer will not make any public disclosure in relation to such transactions;
- 31 N+1 Singer and each of its affiliates, each acting as an investor for its or their own account(s), may bid or subscribe for and/or purchase Placing Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this Document to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by N+1 Singer

- and/or any of its respective affiliates, acting as an investor for its or their own account(s). Neither N+1 Singer nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so;
- 32 it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (together, the “**Regulations**”) and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
 - 33 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, FSMA, the EU Market Abuse Regulation No. 596 of 2014 and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
 - 34 in order to ensure compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, N+1 Singer (for itself and as agent on behalf of the Company) or the Company’s registrars may, in their absolute discretion, require verification of its identity. Pending the provision to N+1 Singer’s or the Company’s registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at N+1 Singer’s absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at N+1 Singer’s or the Company’s registrars’, as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity N+1 Singer’s (for itself and as agent on behalf of the Company) or the Company’s registrars have not received evidence satisfactory to them, N+1 Singer and/or the Company may, at its absolute discretion, terminate its commitment in respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee’s bank from which they were originally debited;
 - 35 its commitment to acquire Placing Shares on the terms set out in this Document and in the form of confirmation will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company’s or N+1 Singer’s conduct of the Placing;
 - 36 it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;
 - 37 it irrevocably appoints any duly authorised officer of N+1 Singer as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares for which it agrees to subscribe or purchase upon the terms of this Document;
 - 38 the Company, N+1 Singer and others (including each of their respective affiliates, agents, directors, officers or employees) will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements, which are given to N+1 Singer, on their own behalf and on behalf of the Company and are irrevocable;
 - 39 if it is acquiring the Placing Shares as a fiduciary or agent for one or more investor accounts, it has full power and authority to make, and does make, the foregoing representations, warranties, acknowledgements, agreements and undertakings on behalf of each such accounts;
 - 40 neither it nor, as the case may be, its clients expect N+1 Singer to have any duties or responsibilities to such persons similar or comparable to the duties of “best execution” and “suitability” imposed by the FCA’s Conduct of Business Source Book, and that N+1 Singer is not acting for it or its clients, and that N+1 Singer will not be responsible for providing the protections afforded to customers of N+1 Singer or for providing advice in respect of the transactions described herein;
 - 41 it is a “professional client” or an “eligible counterparty” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook and it is purchasing Placing Shares for investment only and not with a view to resale or distribution;

- 42 it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its ordinary shares in accordance with the Disclosure Guidance and Transparency Rules published by the FCA;
- 43 it represents and warrants that, to the extent it has received any inside information (for the purposes of MAR) and section 56 of the Criminal Justice Act 1993) in relation to the Company or any related company subject to MAR and the securities of the Company or any such related company, it has not:
 - (a) dealt (or attempted to deal) in the securities of the Company or any related company;
 - (b) encouraged, recommended or induced another person to deal in the securities of such company; or
 - (c) unlawfully disclosed inside information in respect of the Company or any related company to any person, prior to the information being made publicly available;
- 44 it undertakes to N+1 Singer at the time of making its commitment to acquire Placing Shares that it will confirm in writing to N+1 Singer in the form of confirmation sent by N+1 Singer to Placees the number of Placing Shares it intends to acquire and in respect of which VCT Relief or EIS Relief will be sought (or which will otherwise comprise Relevant Funding) and those Placing Shares in respect of which such relief will not be sought (or which will otherwise not comprise Relevant Funding);
- 45 as far as it is aware, it is not acting in concert (within the meaning given in the City Code) with any other person in relation to the Company;
- 46 it is responsible for obtaining any legal, tax and other advice that it deems necessary for the execution, delivery and performance of its obligations in accepting the terms and conditions of the Placing, and that it is not relying on the Company or N+1 Singer to provide any legal, tax or other advice to it;
- 47 it will not distribute any document relating to the Placing Shares and it will be acquiring the Placing Shares for its own account as principal or for a discretionary account or accounts (as to which it has the authority to make the statements set out herein) for investment purposes only;
- 48 it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this document;
- 49 time is of the essence as regards its obligations under this Part V;
- 50 any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to N+1 Singer;
- 51 the Placing Shares will be issued subject to the terms and conditions of this Part V; and
- 52 these terms and conditions in this Part V and all documents into which this Part V is incorporated by reference or otherwise validly forms a part and/or any agreements entered into pursuant to these terms and conditions and all agreements to acquire shares pursuant to the Placing will be governed by and construed in accordance with English law and it submits to the exclusive jurisdiction of the English courts in relation to any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or N+1 Singer in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify and hold the Company, N+1 Singer and each of their respective affiliates, agents, directors, officers and employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Part V or incurred by N+1 Singer, the Company or each of their respective affiliates, agents, directors, officers or employees arising from the performance of the Placee's obligations as set out in this Document, and further agrees that the provisions of this Part V shall survive after the completion of the Placing.

The agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the United Kingdom relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct by the

Company. Such agreement assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement related to any other dealings in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event, the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax and neither the Company nor N+1 Singer shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and they should notify N+1 Singer accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares and each Placee, or the Placee's nominee, in respect of whom (or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such non-United Kingdom stamp, registration, documentary, transfer or similar taxes or duties undertakes to pay such taxes and duties, including any interest and penalties (if applicable), forthwith and to indemnify on an after-tax basis and to hold harmless the Company and N+1 Singer in the event that either the Company and/or N+1 Singer has incurred any such liability to such taxes or duties.

The representations, warranties, acknowledgements and undertakings contained in this Part V are given to N+1 Singer for itself and on behalf of the Company and are irrevocable.

Each Placee and any person acting on behalf of the Placee acknowledges that N+1 Singer does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings, acknowledgements, agreements or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that N+1 Singer may (at its absolute discretion) satisfy their obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the Placing Shares or by nominating any connected or associated person to do so.

When a Placee or any person acting on behalf of the Placee is dealing with N+1 Singer, any money held in an account with N+1 Singer on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules: as a consequence this money will not be segregated from N+1 Singer's money (as applicable) in accordance with the client money rules and will be held by it under a banking relationship and not as trustee.

References to time in this Document are to London time, unless otherwise stated. All times and dates in this Document may be subject to amendment. No statement in this Document is intended to be a profit forecast, and no statement in this Document should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The Placing Shares to be issued or sold pursuant to the Placing will not be admitted to trading on any stock exchange other than the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Document.

