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14 March 2018

**Diurnal Group plc**  
("Diurnal" or the "Company")

**Proposed Placing to raise up to £11 million, including Broker Option of up to £1 million and Notice of General Meeting**

*Funds to be used to support the launch of Diurnal's first approved product in Europe and the continued development of its product pipeline in the US and Europe*

Diurnal Group plc (AIM: DNL), the specialty pharmaceutical company targeting patient needs in chronic endocrine (hormonal) diseases, announces that it has successfully secured funding commitments to raise gross proceeds of approximately £10 million through a conditional placing (the "Placing") with new and existing investors. The Company also announces a proposal to raise up to a further £1 million before expenses by granting an option to each of the Joint Brokers to place up to a further 526,315 Option Shares in total at the Placing Price from the release of this Announcement to 5.00 p.m. on 20 March 2018 (the "Broker Option").

**Highlights**

- Diurnal has conditionally raised approximately £10 million before expenses by the placing of 1,578,557 EIS/VCT Shares and 3,684,600 General Shares at a price of 190 pence per Placing Share. The Company also proposes to raise up to a further £1 million before expenses by granting the Broker Option to each of the Joint Brokers to place up to a further 526,315 Option Shares in total at the Placing Price from the date of this Announcement to 20 March 2018.
- The net proceeds of the Placing will be used to progress the development and commercialisation of Diurnal's products, including:
  - launching Alkindi® (hydrocortisone granules in capsules for opening) in Europe;
  - completing the development of Chronocort® (modified release hydrocortisone) in Europe;



- completing the development of Alkindi® in the US;
  - commencing the Phase III pivotal study of Chronocort® in the US;
  - commencing Chronocort® indication expansion into Adrenal Insufficiency with Phase II clinical trial anticipated to start in 2018; and
  - progressing the early-stage pipeline into proof-of-principle studies.
- The Placing Price represents a discount of approximately 11.2 per cent. to the mid-market closing price of the Company's Ordinary Shares on 13 March 2018, being the last practicable date prior to the date of this Announcement.
  - IP2IPO has elected, simultaneously with the issue of the General Shares and conditional on and subject to each Admission, to convert its Convertible Loan into New Ordinary Shares.

The Placing is conditional upon, amongst other things, the passing of the Resolutions to be considered by the Company's existing shareholders at the General Meeting to be held at 11.00 a.m. on 3 April 2018 at the offices of Eversheds Sutherland (International) LLP at 1 Wood Street, London EC2V 7WS.

**Martin Whitaker, PhD, Chief Executive Officer of Diurnal, commented:**

*"Diurnal has delivered a number of key milestones set out at the time of our initial public offering in December 2015, most importantly the European approval of Alkindi®, our first product to receive marketing authorisation. The funds raised will allow us to launch this product and to support the further development of Alkindi® and Chronocort® in the US and Europe as we begin to realise our vision of becoming a world-leading specialty pharma company in endocrinology. I would like to thank our employees for their passion, knowledge and expertise in creating and developing a unique and highly specialised pipeline of products."*

**Peter Allen, Non-Executive Chairman of Diurnal, added:**

*"On behalf of the Board, I would like to thank both the new shareholders, as well as our existing shareholders, for their support as we continue to seek to develop and commercialise our late-stage pipeline to solve patient needs in adrenal diseases that result from a deficiency of cortisol, typically where there is either no licensed medicine or where we believe that current treatment does not adequately address patients' needs."*

**This summary should be read in conjunction with the full text of the following Announcement. The Appendix to this Announcement (which forms part of this Announcement) sets out the terms and conditions of the Placing. Persons who choose to participate in the Placing, by making an oral or written offer to acquire Placing Shares and/or Option Shares, will be deemed to have read and understood this Announcement in its entirety (including the Appendix) and to be making such offer on the terms, and subject to the conditions, set out herein, and to be providing the representations, warranties, agreements, acknowledgements and undertakings contained in the Appendix.**



For further information, please visit [www.diurnal.co.uk](http://www.diurnal.co.uk) or contact:

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**Notes to Editors**

**About Diurnal Group plc**

Founded in 2004, Diurnal is a UK-based specialty pharma company developing high quality products for the global market for the life-long treatment of chronic endocrine conditions, including Congenital Adrenal Hyperplasia and Adrenal Insufficiency. Its expertise and innovative research activities focus on circadian-based endocrinology to yield novel product candidates in the rare and chronic endocrine disease arena.

For further information about Diurnal, please visit [www.diurnal.co.uk](http://www.diurnal.co.uk)



## **Placing of up to 2,104,872 EIS/VCT Shares and up to 4,210,915 General Shares at a price of 190 pence per New Ordinary Share (including the Broker Option to place up to 526,315 Option Shares at a price of 190 pence per Option Share)**

### **Introduction**

The Company is pleased to announce a conditional placing of 1,578,557 EIS/VCT Shares and 3,684,600 General Shares at 190 pence each to raise approximately £10 million before expenses for the Company, together with a proposal to raise up to a further £1 million before expenses by granting the Broker Option to each of the Joint Brokers to place up to a further 526,315 Option Shares in total at the Placing Price from the date of this Announcement to 5.00 p.m. on 20 March 2018. The Placing Price represents a discount of approximately 11.2 per cent. to the mid-market closing price of the Company's Ordinary Shares on 13 March 2018, being the last practicable date prior to the date of this Announcement.

In addition, IP2IPO has elected, simultaneously with the issue of the General Shares and conditional on and subject to each Admission, to convert the Convertible Loan into New Ordinary Shares.

The Placing has been arranged by the Joint Brokers, Numis and Panmure Gordon, and the EIS/VCT Shares and General Shares have been placed with certain new and existing investors in the Company.

The Placing is conditional upon, amongst other things, the passing of the Resolutions by Shareholders at the General Meeting. The Circular containing, amongst other things, the notice of the General Meeting is expected to be published and despatched later today. If the Resolutions are passed at the General Meeting by the requisite majorities, the EIS/VCT Shares and the General Shares will be allotted and issued after the General Meeting. In addition, 3,229,575 Convertible Loan Shares are expected to be allotted and issued simultaneously with the issue of the General Shares. EIS/VCT Admission is expected to occur no later than 8:00 a.m. on 4 April 2018, and General Admission and the Convertible Loan Share Admission are expected to occur no later than 8:00 a.m. on 5 April 2018 (or such later time(s) and/or date(s), in each case, as Numis, Panmure Gordon and the Company may agree (being, in the case of EIS/VCT Admission, no later than 5.00 p.m. on 19 April 2018 and, in the case of General Admission and Convertible Loan Share Admission, no later than 5.00 p.m. on 20 April 2018)). The Joint Brokers each severally agreed to use their respective reasonable endeavours, as agents of the Company, to procure subscribers for the Placing Shares at the Placing Price. The Placing is not being underwritten.

### **Background to the Placing**

The Company raised £30 million of gross proceeds through its initial public offering on AIM in December 2015 to fund the late-stage clinical development of its two flagship products, Alkindi® (development name: Infacort®) and Chronocort®. It has since achieved several successes on the path to commercialising these products. The Company is now proposing to raise additional capital to continue to fund the next stage of development of Alkindi® and Chronocort®, as well as to develop its pipeline of early-stage products.

The development of Alkindi® and Chronocort® is most advanced in Europe. Alkindi® received marketing authorisation on 9 February 2018, making it the first licensed hydrocortisone product in Europe specifically designed for use in children with Adrenal Insufficiency. Meanwhile, Chronocort®, intended to become the first hydrocortisone product that closely mimics the cortisol circadian rhythm, is due to complete its pivotal Phase III clinical trial in the third quarter of 2018.

The Company is also progressing the late-stage clinical development of both products in the US and has an early-stage pipeline consisting of four products that are either being brought into the clinic or are in the early stages of clinical development.

### **Use of Proceeds**



The net proceeds of the Placing, of up to approximately £10.4 million, will be used to progress the development and commercialisation of the Group's products, including:

- launching Alkindi® in Europe;
- completing the development of Chronocort® in Europe;
- completing the development of Alkindi® in the US;
- commencing the Phase III pivotal study of Chronocort® in the US;
- commencing Chronocort® indication expansion into Adrenal Insufficiency with Phase II clinical trial anticipated to start in 2018; and
- progressing the early-stage pipeline into proof-of-principle studies.

### **Working Capital**

The Company does not anticipate needing to raise further funds until after the results of the Chronocort® Phase III trial in Europe are known (expected to be around the end of the third quarter of 2018).

### **Overview of Diurnal's business**

Diurnal is a UK-based specialty pharmaceutical company targeting patient needs in chronic endocrine (hormonal) diseases. The Company aims to develop and commercialise products to solve patient needs in Adrenal diseases that result from a deficiency of cortisol, typically where there is either no licensed medicine or where the Directors believe that current treatment does not sufficiently address patients' needs.

Cortisol is an essential hormone produced by the adrenal gland. It suppresses the detrimental effects of Androgens, which can result in fatigue, depression and death through adrenal crisis. The production of cortisol in the human body follows a daily cycle (circadian rhythm), whereby production increases from a minimum level during sleep, peaks upon waking and gradually declines during the day. This moderates the impact that Androgens have on the body throughout the day. If left unregulated for even certain periods during the day, Androgens can cause patients to develop sexually at an accelerated rate, resulting in symptoms such as short stature, infertility, obesity and increased mortality.

The Group's objective is for its two flagship products, Alkindi® and Chronocort®, to build a life-long "Adrenal Franchise" and provide cortisol replacement therapy for patients from birth to old age by targeting two indications, Adrenal Insufficiency ("AI"), where patients lose the ability to produce cortisol leading to insufficient cortisol production, and Congenital Adrenal Hyperplasia ("CAH"), where patients are born without an enzyme that stimulates the adrenal glands to release cortisol.

### **Product portfolio**

The Directors believe that Diurnal's "Adrenal Franchise" is well-positioned within the context of the market and targets both CAH and AI indications in Europe and the US. The other comparable products in the market include generic hydrocortisone and Plenadren®, a modified-release hydrocortisone. Both these treatments do not provide circadian release and only achieve poor disease control. In contrast, Alkindi® and Chronocort® have been shown to provide effective disease control in both children and adults.

On 15 December 2017, Alkindi® received a positive opinion from the CHMP, an advisory committee of the EMA, which initiated the 67-day timeline for the final decision on a PUMA from the European Commission. Consequently, Diurnal received marketing authorisation approval from the European Commission on 9 February 2018. The European approval of the PUMA results in 10 years of data and market exclusivity from the date of marketing authorisation approval. Diurnal has a detailed commercialisation plan in place for the anticipated first launch of Alkindi® in the second quarter of 2018,



including an agreement with Glatt Pharmaceutical Services, a specialist global manufacturer of multi-particulate pharmaceutical products. The estimated total addressable market for AI and CAH indications in children in Europe is approximately \$60 million.

Chronocort® is designed to address the shortfalls of alternative products by mimicking the distinct cortisol circadian rhythm for health. Chronocort® targets the effective treatment of CAH in the adult population through a delayed release coat on the tablet, which facilitates a pH triggered release in the gastrointestinal tract. Of the approximately 62,000 adult patients in Europe and the US, it is estimated that approximately two thirds of patients with CAH have poor disease control. Chronocort® targets the control of Androgens and, from its Phase II trial, has proven effective in 94% of patients compared to 31% of patients that used a standard treatment. Chronocort® is currently undergoing a pivotal Phase III clinical trial in Europe for the treatment of CAH in adults, with patient enrolment now complete. Headline data from the trial is expected around the end of the third quarter of 2018 and, if positive, could lead to market authorisation in 2020. The estimated total addressable market for CAH indications in adults in Europe is approximately \$300 million.

In the US, Diurnal has opened an IND with the FDA for Alkindi®. The proposed package of registration studies includes the positive European Phase III clinical trial data, a pharmacokinetics study and two Phase I studies, the first of which, a food matrix compatibility study in healthy adult volunteers, yielded positive results, and the second, a bioequivalence study in healthy adult volunteers, is due to begin in the second quarter of 2018. The proposed Phase III clinical programme is expected to complete in 2018 (subject to confirmation from the FDA), with market authorisation estimated to be received in 2020. The estimated total addressable market for AI and CAH indications in children in the US is approximately \$22 million.

The Company has received feedback from the FDA on the design of its pivotal Phase III US trial in Chronocort®. It is expected that this study will be conducted on approximately 150 CAH patients and will commence in the third quarter of 2018. Market authorisation is anticipated to be received in 2021 and the estimated total addressable market for CAH indications in adults in the US is approximately \$110 million.

There are three potential competitors to Chronocort® in the US. SPR001, the lead product of Spruce Biosciences, Inc., was granted Orphan Drug Designation in the US in December 2017. It is currently enrolling to a Phase II trial in the US to study its safety and efficacy in 18 adult patients with CAH, with headline data expected in July 2018. Millendo's ATR-101 product has completed Phase II clinical studies and has been granted Orphan Drug Designation in the US. Neurocrine Biosciences has a product, NBI-74788, in its development pipeline targeting treatment of CAH that is currently enrolling to a Phase I study. If any of these products receives commercial exclusivity in the US before Chronocort®, there is a danger that Chronocort® could potentially be blocked from entering the US market for up to seven years. However, the Directors believe this is unlikely given that Chronocort® is further progressed in its clinical development.

In addition to CAH, Diurnal is also investigating the application of Chronocort® to AI indications in adults, with Phase II clinical trials anticipated to commence in the US in 2018. The estimated total addressable market across Europe and the US for this indication in adults is estimated to be approximately \$2,770 million.

In addition to its two key products, Diurnal has four other products in its product pipeline: Rheumacort®, DITEST, modified-release T3 and oligonucleotide therapy. Rheumacort® is a modified-release hydrocortisone preparation for patients suffering with inflammatory diseases and has a Phase II proof-of-concept study planned to commence in 2018. DITEST is an oral delivery mechanism of testosterone for the treatment of hypogonadism and is in a Phase I/II clinical trial. Modified-release T3 is a hormone for patients suffering from hypothyroidism and oligonucleotides is a short, interfering RNA oligonucleotide therapy for patients suffering from Cushing's syndrome and Cushing's disease. Both are in pre-clinical development with feasibility work planned to commence in 2018.

Diurnal has four target markets within endocrinology populations which the Directors consider to be attractive and have classified them according to the predominant gland that is related to the condition.





Diurnal plans to develop the product portfolio and then explore strategic opportunities including in-licensing, M&A and partnerships.

Endocrinology segments	Indications	Estimated annual addressable market (\$ billion)	Product
Gonads	Hypogonadism	5.16	DITEST (Phase I/II)
Adrenal	CAH Adrenal Insufficiency Cushing's syndrome	0.49 2.77 0.48	Alkindi® (completed) Chronocort® (Phase III) Oligonucleotide therapy (preclinical)
Thyroid	Hypothyroidism	1.00	Modified-release T3 (pre-clinical)
Pituitary	Acromegaly	0.65	-

### Product protection

The Directors believe that the Group has robust product protection through its patent portfolio and orphan drug designations in key geographical markets.

Product	Regulatory Exclusivity*		Intellectual property			
	EU	US	European Patent		US	
Alkindi®	PUMA (10 years)	Orphan (7 years)	Under review	Composition of matter	2032 2034	Method of treatment
			Under review	Medical use	2034	Composition of matter
Chronocort®	Orphan (10 years)	Orphan (7 years)	Under review	Composition of matter and medical use	2033	Composition of matter
					2033	Method of treatment
Oral Testosterone DITEST™	Not an orphan disease	Not an orphan disease	2029	Composition of matter	2030	Composition of matter

\* Conditional on, and subject to, grant of market authorisation (and that the Company is the first sponsor to obtain market authorisation for the relevant product), grant of pending patents and ongoing grant.

### Commercialisation strategy

The Group aims to become a world-leading endocrinology specialty pharmaceutical company and will seek to in-license high potential product candidates that can be sold through the Group's direct sales platform alongside its own-developed pipeline products, once established. The Group aims to develop and commercialise products within the small niche areas of the endocrinology market throughout global markets. It is estimated that within the cortisol deficiency market there are approximately 350,000 and 160,000 patients in Europe and the US, respectively. This equates to an estimated total addressable market of approximately \$2,250 million and \$1,012 million in Europe and the US, respectively.

Diurnal has established local distribution arrangements outside the US and Europe to capitalise upon the significant market potential in jurisdictions where the Group holds patents for Alkindi® and Chronocort®. In March 2017, Diurnal announced a distribution agreement with Medison Pharma Limited to assist with the introduction of Alkindi® and Chronocort® into Israel. The Company estimates the market opportunity in Israel to be approximately \$6 million for the treatment of CAH and paediatric AI indications and the first revenues from this agreement are anticipated to be received in 2019. Diurnal has also signed a marketing and distribution agreement with Emerge Health Pty Ltd for commercialisation of both Alkindi® and Chronocort® in Australia and New Zealand, which the Company estimates to be a market opportunity worth approximately \$10 million for the treatment of CAH and paediatric AI indications and the first revenues from this agreement are anticipated to be received in



2020. Furthermore, the Company is planning to initiate a clinical trial programme for Japan during 2019, which the Company estimates to be a market opportunity worth approximately \$415 million for the treatment of CAH and paediatric AI indications.

### **Current trading and prospects**

Diurnal reported cash and cash equivalents and held-to-maturity financial assets (unaudited) as at 31 December 2017 of £14.0 million (31 December 2016: £25.6 million). The Company's loss after tax for the six month period ended 31 December 2017 was £6.7 million (six months ended 31 December 2016: £5.7 million).

### **Details of the Placing**

The Company has conditionally raised approximately £10 million before expenses by the placing of 1,578,557 EIS/VCT Shares and 3,684,600 General Shares at the Placing Price to Placees (in each case, excluding any Option Shares). The Company has also granted the Broker Option to the Joint Brokers which will enable them to cater for additional demand to raise up to a further £1 million in total before expenses. The maximum number of Option Shares that may be issued pursuant to the exercise of the Broker Option is 526,315. Accordingly, the maximum number of Placing Shares and Option Shares that may be issued pursuant to the Placing is 5,789,472.

It is expected that the EIS/VCT Shares will be allotted, conditional upon, amongst other things, EIS/VCT Admission occurring by 8.00 a.m. on 4 April 2018 (or such later time and date as the Joint Brokers may agree with the Company, not being later than 5.00 p.m. on 20 April 2018) and that the General Shares will be allotted, conditional upon, amongst other things, General Admission occurring by 8.00 a.m. on 5 April 2018 (or such later time and date as the Joint Brokers may agree with the Company, not being later than 5.00 p.m. on 20 April 2018). The EIS/VCT Placing is neither conditional on the issue of the General Shares nor the General Admission.

The Placing Shares and the Option Shares (if any) are not subject to clawback in favour of Shareholders. The Placing is not underwritten.

The Placing Shares and the Option Shares (if any) will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for the admission of the Placing Shares and the Option Shares (if any) to trading on AIM. Subject to Shareholder approval of the Resolutions at the General Meeting, it is expected that: (i) EIS/VCT Admission will occur, and that dealings in the EIS/VCT Shares will commence, at 8:00 a.m. on 4 April 2018, at which time it is also expected that the EIS/VCT Shares will be enabled for settlement in CREST; and (ii) General Admission will occur, and that dealings in the General Shares will commence, at 8.00 a.m. on 5 April 2018, at which time it is also expected that the General Shares will be enabled for settlement in CREST.

**Shareholders should note that it is possible that EIS/VCT Admission will occur but General Admission will not occur. If any Admission does not occur, then the Company will not receive the relevant net proceeds in respect of such Admission and the Company may not be able to finance the activities it intends to utilise the net proceeds of the Placing for, as described in this Announcement, and may have to seek additional funding.**

### **The Placing Agreement**

Pursuant to the Placing Agreement, the Joint Brokers have each severally agreed to use their respective reasonable endeavours, as agents of the Company, to procure subscribers for the Placing Shares at the Placing Price.



The Company has also granted the Broker Option to Numis and Panmure Gordon in order to cater for additional demand under the Placing. Any Option Shares issued pursuant to the exercise of the Broker Option will be issued on the same terms, and subject to the same conditions, as the Placing Shares. The Broker Option is exercisable by the Joint Brokers, on more than one occasion, at any time from the date of this Announcement to 5.00 p.m. on 20 March 2018 in their absolute discretion, following consultation with the Company. However, there is no obligation on either of the Joint Brokers to exercise the Broker Option or to seek to procure subscribers for Option Shares pursuant to the Broker Option. The maximum number of Option Shares that may be issued pursuant to the exercise of the Broker Option is 526,315.

The Joint Brokers' obligations under the Placing Agreement are conditional on, amongst other things:

- EIS/VCT Admission becoming effective by not later than 8.00 a.m. on 4 April 2018 (or such later time and date (being not later than 5.00 p.m. on 19 April 2018) as the Company, Numis and Panmure Gordon may agree);
- the compliance by the Company with all of its obligations under the Placing Agreement to the extent they are required to be performed on or prior to EIS/VCT Admission;
- the Resolutions being passed at the General Meeting;
- the Placing Agreement not having been terminated prior to EIS/VCT Admission; and
- in respect of the General Shares only, amongst other things:
  - General Admission becoming effective by not later than 8.00 a.m. on 5 April 2018 (or such later time and date (being not later than 5.00 p.m. on 20 April 2018) as the Company, Numis and Panmure Gordon may agree);
  - the compliance by the Company with all of its obligations under the Placing Agreement to the extent they are required to be performed on or prior to the General Admission; and
  - the Placing Agreement not having been terminated prior to the General Admission.

The Placing Agreement provides, amongst other things, for payment by the Company to each of Numis and Panmure Gordon of certain commissions and fees in connection with their appointment.

The Company will bear all other expenses of and incidental to the Placing, including the fees of the London Stock Exchange, printing costs, registrar's fees, all properly incurred legal and accounting fees of the Company, Numis and Panmure Gordon and any other taxes and duties payable.

The Placing Agreement contains customary warranties and indemnities from the Company in favour of Numis and Panmure Gordon.

Numis and Panmure Gordon may (after consultation with the Company and the other Joint Broker) terminate the Placing Agreement prior to EIS/VCT Admission and/or General Admission in certain circumstances, including, amongst other things, if the Company is in material breach of any of its obligations under the Placing Agreement (including the warranties contained in the Placing Agreement); if there is a material adverse change in the condition, earnings, business, operations or prospects of the Group; or if there is a material adverse change in the financial, political, economic or stock market conditions, which in Numis' and Panmure Gordon's opinion (acting in good faith) makes it impractical or inadvisable to proceed with the Placing.

## **EIS/VCT**

*The following information is based upon the laws and practice currently in force in the UK and may not apply to persons who do not hold Ordinary Shares as investments.*

*The Company has in the past obtained assurance from HMRC that shares in the Company represented a qualifying investment for a VCT and were capable of qualifying for EIS tax reliefs. The Company has applied for advance assurance from HMRC that the EIS/VCT Shares will rank as 'eligible shares' and will be capable of being a 'qualifying holding' for the purposes of investment by VCTs and that the Company can issue EIS 3 'compliance certificates' for the purposes of EIS. As at the date of this Announcement, however, this assurance has not yet been received.*

*Shareholders and 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 own independent financial adviser immediately.*

*The information below is intended only as a general guide to the current tax position under UK taxation law and is not intended to be exhaustive. Shareholders and investors who are in any doubt as to their tax position or who are subject to a tax jurisdiction, other than the UK, are strongly advised to consult their professional advisers. Companies can raise up to £5 million under the combined VCT, EIS, SEIS, social investment tax relief or any other state aid risk capital investment in any 12 month period.*

## *EIS*

The Company intends to operate so that it qualifies for the taxation advantages offered under EIS. The main advantages are as follows:

- Individuals can claim a tax credit of 30% of the amount invested in the Company against their UK income tax liability, provided they have a sufficient tax liability to reclaim this amount, thus reducing the effective cost of their investment to 70 pence for each £1 invested. However, there is an EIS subscription limit of £1 million in each tax year and, to retain the relief, the EIS Shares must be held for at least three years.
- UK investors (individuals or certain trustees) may defer a chargeable gain by investing the amount of the gain in the Company. There is no limit to the level of investment for this purpose and, therefore, to the amount of gain which may be deferred in this way. Note that the deferred gain will come back into charge when the EIS Shares are disposed of or if the Company ceases to qualify as an EIS company within the three year qualifying period.
- There is no tax on capital gains made upon disposal after the three year period (the "Qualifying Period") of shares in an EIS qualifying company on which income tax relief has been given and not withdrawn.
- If a loss is made on disposal of the EIS Shares at any time, the amount of the loss (after allowing for any income tax relief initially obtained) can be set off against either the individual's gains for the tax year in which the disposal occurs, or, if not so used, against capital gains of a subsequent tax year, or against the individual's income of the tax year of the disposal or of the previous tax year.
- Provided a Shareholder has owned EIS Shares for at least two years and certain conditions are met at the time of transfer, up to 100% business property relief will be available, which reduces the inheritance tax liability on the transfer of EIS Shares to nil.

The amount of relief an investor may gain from an EIS investment in the Company will depend on the investor's individual circumstances.

## Qualifying Period

In order to retain the EIS reliefs, an investor must hold their shares for at least three years. A sale or other disposal (other than an inter-spousal gift or a transfer on death) will result in any income tax relief that has been claimed being clawed back by HMRC. Additionally, any capital gains deferred will come

back into charge and the capital gains tax exemption will be lost. It is the investor's responsibility to disclose a disposal to HMRC.

An individual can only be eligible for EIS relief on the purchase of shares if all shares held by that investor are either risk-based shares (that is, shares for which an EIS 3 compliance statement has been or will be issued) or the original subscriber shares which the investor has continued to hold. Additionally, if the Company ceases to meet certain qualifying conditions within three years from the date of the share issue, the tax reliefs will be lost. This will be shown as the "Termination Date" on the EIS3 certificate which the Company will issue to investors following formal approval of the share issue by HMRC.

#### Advance Assurance of EIS Status

In order for investors to claim EIS reliefs relating to their shares in the Company, the Company has to meet a number of rules regarding the kind of company it is, the amount of money it can raise, how and when that money must be employed for the purposes of the trade, and the trading activities carried on. The Company must satisfy HMRC that it meets these requirements and is therefore a qualifying company. Although the Company currently expects to satisfy the relevant conditions for EIS investment, neither the Directors nor the Company gives any warranty or undertaking that relief will be available in respect of any investment in the EIS Shares.

#### *VCT*

The Company has applied for, but not yet received, assurance from HMRC that the Placing Shares will be 'eligible shares' for the purposes of investment by VCTs. The status of the Placing Shares as a qualifying holding for VCTs will be conditional, inter alia, upon the Company continuing to satisfy the relevant requirements.

Although the Company currently expects to satisfy the relevant conditions for VCT investment, neither the Directors nor the Company gives any warranty or undertaking that an investment in New Ordinary Shares by a VCT will be a qualifying holding.

As the rules governing EIS and VCT reliefs are complex and interrelated with other legislation, if Shareholders and investors are in any doubt as to their tax position, require more detailed information than the general outline above, or are subject to tax in a jurisdiction other than the United Kingdom, they should consult their professional adviser.

#### **Directors and substantial Shareholders**

Certain Directors and Shareholders who are "substantial shareholders" pursuant to the AIM Rules have agreed to subscribe for Placing Shares in connection with the Placing. In addition, IP2IPO has elected, conditional on and subject to Admission, to convert the Convertible Loan into Convertible Loan Shares. The number of New Ordinary Shares subscribed for by each such Director and substantial Shareholder pursuant to the Placing (or, in the case of IP2IPO, resulting from such conversion), and their resulting shareholdings on Admission, are set out below:

<i>Shareholder</i>	<i>Existing Ordinary Shares</i>	<i>Number of New Ordinary Shares subscribed for (or resulting from conversion)</i>	<i>Ordinary Shares held post- Admission*</i>	<i>Percentage of Enlarged Share Capital*</i>
IP Group plc (including IP2IPO and other	23,808,100	3,229,575	27,037,675	44.3

subsidiaries and associates)  
(the “IPG Holders”)

Invesco Limited (“Invesco”)	6,527,777	516,316	7,044,093	11.5
Peter Allen	74,722	10,000	84,722	0.1
Sam Williams	46,748	5,500	52,248	0.1
John Goddard	37,774	5,500	43,274	0.1
Alan Raymond	22,888	5,500	28,388	0.0

*\*Assuming no Option Shares are issued.*

### Convertible Loan

IP2IPO has elected, simultaneously with the issue of the General Shares and conditional on and subject to each Admission, to convert the Convertible Loan in its entirety into such number of New Ordinary Shares (rounded down to the nearest whole number) as equals the principal amount outstanding under the Convertible Loan, being £4,650,588 as at the date of this Announcement, divided by the placing price at IPO, being 144 pence per share. Accordingly, on conversion of the Convertible Loan, a total of 3,229,575 Convertible Loan Shares would be issued to IP2IPO. The conversion of the Convertible Loan, and the issue of the Convertible Loan Shares to IP2IPO pursuant thereto, is intended to occur simultaneously with the issue of the General Shares and is conditional on, and subject to, each Admission occurring. Accordingly, if for any reason any Admission does not occur, the conversion of the Convertible Loan will not occur and the Convertible Loan Shares will not be issued.

Application will be made to the London Stock Exchange for the admission of the Convertible Loan Shares to trading on AIM. It is expected that Convertible Loan Share Admission will occur, and that dealings in the Convertible Loan Shares will commence, at 8.00 a.m. on 5 April 2018 (or at such later time and date as General Admission occurs, being not later than 5.00 p.m. on 20 April 2018), at which time it is also expected that the Convertible Loan Shares will be enabled for settlement in CREST.

### Resolutions

The Directors do not currently have authority to allot all of the Placing Shares and Option Shares and, accordingly, the Board is seeking the approval of Shareholders to allot the Placing Shares and the Option Shares at the General Meeting. The Resolutions to be proposed at the General Meeting are, in summary, as follows:

1. an ordinary resolution, to grant the Directors authority to allot the Placing Shares and the Option Shares in connection with the Placing; and
2. a special resolution, to disapply pre-emption rights granted under the Act in respect of the allotment of the Placing Shares and the Option Shares for cash in connection with the Placing.

### Action to be taken

A notice convening the General Meeting to be held at the offices of Eversheds Sutherland (International) LLP at 1 Wood Street, London EC2V 7WS at 11.00 a.m. on 3 April 2018 will be sent to Shareholders today along with a Form of Proxy for use by Shareholders in connection with the General Meeting.

### Recommendation

Shareholders are reminded that the Placing, and hence conversion of the Convertible Loan, are conditional, amongst other things, on the passing of the Resolutions to be proposed at the General Meeting. Shareholders should be aware that if the Resolutions are not approved at the General Meeting,



the Placing will not proceed (and the conversion of the Convertible Loan will not occur) and the Company will need to seek alternative sources of finance to continue to execute its business plan and to finance the working capital requirements of the Group.

**Accordingly, the Directors consider that the Placing is in the best interests of the Company and Shareholders, taken as a whole, and the Directors unanimously recommend that Shareholders vote in favour of the Resolutions, as they intend to do in respect of their own holdings of Ordinary Shares, amounting to, in aggregate, 1,790,508 Ordinary Shares as at 13 March 2018, being the last practicable date prior to the date of this Announcement, representing approximately 3.4 per cent. of the Existing Share Capital.**

## DEFINITIONS

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

<b>Act</b>	the Companies Act 2006, as amended;
<b>Admission</b>	EIS/VCT Admission in the case of the EIS/VCT Shares, General Admission in the case of the General Shares and Convertible Loan Share Admission in the case of the Convertible Loan Shares;
<b>Affiliates</b>	has the meaning given within Rule 405 under the US Securities Act;
<b>AIM</b>	AIM, a market operated by the London Stock Exchange;
<b>AIM Rules</b>	the AIM Rules for Companies, published by the London Stock Exchange governing admission to, and the operation of, AIM as amended from time to time;
<b>Applications</b>	the applications to be made to the London Stock Exchange for admission of the Placing Shares and the Option Shares (if any) to trading on AIM;
<b>Announcement</b>	this announcement (including the Appendix);
<b>Board or Directors</b>	the directors of the Company as at the date hereof, being those directors whose names are set out in the Circular;
<b>Broker Option</b>	the option granted to each of the Joint Brokers pursuant to the Placing Agreement to allow each of them to require the Company to allot and issue the Option Shares to Placees;
<b>Certificated or in Certificated Form</b>	shares or other securities recorded on the relevant register as being held in certificated form;
<b>Circular</b>	the circular to Shareholders expected to be published and despatched on or around the date of this Announcement;
<b>Company or Diurnal</b>	Diurnal Group plc, a public limited company incorporated in England and Wales with registered number 09846650;
<b>Convertible Loan</b>	the convertible, interest-free, unsecured loan facility in the aggregate principal amount of £4,650,588 made available to





the Company by IP2IPO on the terms of the Convertible Loan Agreement;

**Convertible Loan Agreement**

the convertible loan agreement dated 21 December 2015 between IP2IPO, as lender, and the Company, as borrower;

**Convertible Loan Share Admission**

admission of the Convertible Loan Shares to trading on AIM becoming effective in accordance with the AIM Rules;

**Convertible Loan Shares**

the 3,229,575 new Ordinary Shares which are expected to be issued to IP2IPO simultaneously with the issue of the General Shares, conditional on and subject to each Admission, in connection with its conversion of the Convertible Loan in accordance with the terms of the Convertible Loan Agreement;

**CREST**

the electronic transfer and settlement system of the paperless settlement of trades in listed securities operated by Euroclear UK & Ireland Limited;

**Dealing Day**

a day on which dealings in domestic securities may take place on, and with the authority of, the London Stock Exchange;

**EIS Reliefs**

relief claimed by any holder of the EIS Shares under Part 5 of the ITA or exemption or relief available under sections 150A, 150C and Schedule 5B Taxation of Chargeable Gains Act 1992;

**EIS Shares**

new Ordinary Shares (including any Option Shares) to be allotted and issued by the Company at the Placing Price, conditional on EIS/VCT Admission, in connection with the EIS/VCT Placing and which are intended to qualify for EIS Relief;

**EIS/VCT Admission**

admission of the EIS/VCT Shares to trading on AIM becoming effective in accordance with the AIM Rules;

**EIS/VCT Placing**

the conditional placing of the EIS/VCT Shares to Placees pursuant to the Placing Agreement;

**EIS/VCT Shares**

the EIS Shares and the VCT Shares together;

<b>Enlarged Share Capital</b>	the issued share capital of the Company as enlarged by the issue of the New Ordinary Shares;
<b>Europe</b>	the 28 member states of the European Union;
<b>Exchange Information</b>	the meaning given within paragraph 8.1(e) of the Appendix;
<b>Existing Ordinary Shares or Existing Share Capital</b>	the 52,580,634 Ordinary Shares in issue as at the date of this Announcement;
<b>Existing Shareholders</b>	the shareholders of the Company as at the date of this Announcement;
<b>FCA</b>	the Financial Conduct Authority established pursuant to the Financial Services Act 2012 and responsible for, among other things, the conduct and regulation of firms authorised and regulated under FSMA and the prudential regulation of firms which are not regulated by the PRA;
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended);
<b>General Admission</b>	admission of the General Shares to trading on AIM becoming effective in accordance with the AIM Rules;
<b>General Meeting</b>	the general meeting of the Company convened at 11.00 a.m. on 3 April 2018 at the offices of Eversheds Sutherland (International) LLP at 1 Wood Street, London EC2V 7WS;
<b>General Placing</b>	the conditional placing of the General Shares to Placees pursuant to the Placing Agreement;
<b>General Shares</b>	new Ordinary Shares (including any Option Shares) to be issued by the Company at the Placing Price, conditional on General Admission, in connection with the General Placing (excluding, for the avoidance of doubt, the EIS/VCT Shares);
<b>Group</b>	the Company and its subsidiary undertakings;
<b>HMRC</b>	HM Revenue & Customs;



<b>IP2IPO</b>	IP2IPO Limited, a company incorporated in England and Wales with company number 04072979, a wholly-owned subsidiary of IPG;
<b>IPG</b>	IP Group plc, a company incorporated in England Wales with company number 04204490;
<b>ISIN</b>	International Securities Identification Number;
<b>ITA</b>	Income Tax Act 2007;
<b>Joint Brokers</b>	together, Numis and Panmure Gordon;
<b>London Stock Exchange</b>	London Stock Exchange plc;
<b>New Ordinary Shares</b>	together, the Placing Shares, the Option Shares (if any) and the Convertible Loan Shares, provided that for the purposes of the Appendix, such term shall instead refer solely to the Placing Shares and the Option Shares (if any) together;
<b>Notice</b>	the notice of the General Meeting set out at the end of the Circular;
<b>Numis or Nominated Adviser</b>	Numis Securities Limited, a private limited company incorporated in England and Wales with registered number 02285918;
<b>Option Shares</b>	up to an aggregate of 526,315 new Ordinary Shares (if any) to be allotted and issued by the Company to Placees following the exercise of the Broker Option by either or both of the Joint Brokers;
<b>Ordinary Shares or Shares</b>	ordinary shares of £0.05 each in the capital of the Company;
<b>Panmure Gordon</b>	Panmure Gordon (UK) Limited, a private limited company incorporated in England and Wales with registered number 02700769;
<b>Placee</b>	any person with whom the Placing Shares and/or Option Shares are placed, whether for purchase or subscription;



<b>Placing</b>	the EIS/VCT Placing, General Placing and Broker Option;
<b>Placing Agreement</b>	the conditional placing agreement dated 14 March 2018 entered into between (1) the Company, (2) Numis and (3) Panmure Gordon described in this Announcement;
<b>Placing Price</b>	190 pence per Placing Share and Option Share;
<b>Placing Shares</b>	the 5,263,157 new Ordinary Shares to be issued to certain investors who have agreed to subscribe for such new Ordinary Shares pursuant to the EIS/VCT Placing and the General Placing (but excluding the Option Shares and the Convertible Loan Shares);
<b>Prospectus Directive</b>	Directive 2003/71/EC (and amendments thereto);
<b>Qualified Investors</b>	qualified investors as defined in section 86(7) of FSMA;
<b>Regulations</b>	the meaning given to it in paragraph 8.1(u) of the Appendix;
<b>Resolutions</b>	the resolutions set out in the Notice;
<b>Shareholder(s)</b>	the holder(s) of Ordinary Shares from time to time;
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>Uncertificated or in Uncertificated Form</b>	shares or other securities recorded on the relevant register as being held in uncertificated form in CREST and title in which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
<b>US Securities Act</b>	the United States Securities Act 1933, as amended;
<b>VCT Reliefs</b>	the relief claimed by any holder of the VCT Shares under Part 6 of the ITA or exemption or relief available under sections 151A, 151B and Schedule 5C Taxation of Chargeable Gains Act 1992 or Chapter 5 of Part of the Income Tax (Trading and Other Income) Act 2005; and

**VCT Shares**

new Ordinary Shares (including any Option Shares) to be issued by the Company at the Placing Price, conditional on EIS/VCT Admission, in connection with the Placing and which are intended to qualify for VCT Relief.

## GLOSSARY OF TECHNICAL AND SCIENTIFIC TERMS

The following technical and scientific terms apply throughout this Announcement, unless the context requires otherwise:

<b>Adrenal glands</b>	the adrenal glands are small glands that sit on top of the kidneys in the retroperitoneum (that is, the deepest part of the abdomen). The adrenal glands have two layers: the cortex and the medulla. The cortex is located on the outer layer of the adrenal gland and secretes a number of different hormones, including cortisol, aldosterone and Androgens. Diseases of the adrenal cortex may be caused by either too much or too little of any of the above hormones;
<b>“Adrenal Franchise”</b>	the Group’s hydrocortisone product “franchise” or range, designed to treat patients with diseases of cortisol deficiency;
<b>Adrenal Insufficiency or AI</b>	a condition characterised by deficiency in cortisol, an essential hormone in regulating metabolism and the response to stress. Poor control of disease can result in precocious puberty in young children, virilisation in girls and chronic fatigue leading to a poor quality of life in adulthood resulting in increased morbidity and mortality;
<b>Androgens</b>	hormones that regulate the development and maintenance of male characteristics;
<b>CHMP</b>	the Committee for Medicinal Products for Human Use;
<b>Congenital Adrenal Hyperplasia or CAH</b>	a condition caused by deficiency of adrenal enzymes, most commonly 21-hydroxylase. This enzyme is required to produce cortisol. The block in the cortisol production pathway causes the over-production of Androgens, which are precursors to cortisol. The condition is congenital (inherited at birth) and affects both sexes. The cortisol deficiency and over-production of male sex hormones can lead to increased mortality, infertility and severe development defects including ambiguous genitalia, premature (precocious) sexual development and short stature. Sufferers, even if treated, remain at risk of death through an adrenal crisis;
<b>Cortisol</b>	a life-sustaining adrenal hormone essential to the maintenance of homeostasis. Called the “stress hormone”, cortisol influences, regulates or modulates many of the changes that occur in the body in response to stress, including (but not limited to): blood sugar (glucose) levels; fat, protein and carbohydrate metabolism to maintain blood glucose (gluconeogenesis); immune responses; anti-inflammatory actions; blood pressure; heart and blood



vessel tone and contraction; and central nervous system activation. Cortisol levels have a rhythm around the day and night, a circadian rhythm. Cortisol levels are high on waking (between 7.00 a.m. and 10.00 a.m.), gradually decline over the day with low levels on going to sleep (between midnight and 2.00 a.m.) and then building-up overnight to peak again shortly after waking;

**EMA**

the European Medicine Agency;

**FDA**

the US Food and Drug Administration;

**Homeostasis**

the tendency towards a relatively stable equilibrium between inter-dependent elements in the human body, as maintained by physiological processes;

**Hypogonadism**

diminished functional activity of the gonads (the testes);

**Hypothyroidism**

also called underactive thyroid or low thyroid, is a disorder of the endocrine system in which the thyroid gland does not produce enough thyroid hormone, causing a number of symptoms, including poor ability to tolerate cold, a feeling of tiredness, constipation, depression and weight gain;

**Investigative New Drug Application or IND**

a request for FDA authorisation to administer an investigational drug to humans. Such authorisation must be secured prior to interstate shipment and administration of any new drug that is not the subject of an approved new drug application;

**Orphan Drug Designation**

in the European Union, orphan drug designation under Regulation (EC) No. 141/2000 by the EMA's Committee for Orphan Medicinal Products and, in the United States, orphan drug designation under the Orphan Drug Act of 1983;

**Phase I clinical trial**

a clinical trial which aims to test the safety of a new medicine/treatment on humans for the first time. A small number of people, who may be healthy volunteers, are given the medicine/treatment. Researchers test for side effects and calculate what the right dose might be to use in treatment (known as dose-ranging studies);

**Phase II clinical trial**

a second phase of clinical trial which tests a new medicine/treatment on a group of people, usually a small number of patients, in order to gain a better understanding of its effects in the short term. A Phase II clinical trial may

also be conducted on a blind, double-blind and/or randomised basis;

**Phase III clinical trial**

a third phase clinical trial only for medicines/treatments that have already passed a Phase I clinical trial and a Phase II clinical trial. In a Phase III clinical trial, a medicine/treatment is tested on a further increased number of people (sometimes several thousand) who are ill and compared against an existing treatment or placebo to see if it is better in practice and if it has important side effects. Most Phase III clinical trials are also conducted on a blind, double-blind and/or randomised basis;

**PUMA**

a Paediatric Use Marketing Authorisation that provides incentives for products intended to be used in children in Europe. A product that benefits from a PUMA will have eight years of data exclusivity and 10 years of market exclusivity in Europe with effect from receipt of the PUMA; and

**T3**

the thyroid hormones triiodothyronine, produced by the thyroid gland.

# INDICATIVE TIMETABLE

Announcement of the Placing and posting of the Circular and Form of Proxy	14 March 2018
Latest time to exercise Broker Option by either of the Joint Brokers	5.00 p.m. on 20 March 2018
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 28 March 2018
General Meeting	11.00 a.m. on 3 April 2018
Result of General Meeting announced through RNS	3 April 2018
Admission and commencement of dealings in EIS/VCT Shares (including any Option Shares which are intended to qualify for EIS/VCT Relief)	8.00 a.m. on 4 April 2018
EIS/VCT Shares (including any Option Shares which are intended to qualify for EIS/VCT Relief) to be held in Uncertificated Form credited to CREST stock accounts (CREST shareholders only)	4 April 2018
Admission and commencement of dealings in General Shares (including any Option Shares which are not intended to qualify for EIS/VCT Relief) and Convertible Loan Shares	8.00 a.m. on 5 April 2018
General Shares (including any Option Shares which are not intended to qualify for EIS/VCT Relief) and Convertible Loan Shares to be held in Uncertificated Form credited to CREST stock accounts (CREST shareholders only)	5 April 2018
Despatch of definitive share certificates for New Ordinary Shares to be held in Certificated Form (non-CREST shareholders only)	Within 14 days of General Admission

## Notes:

- (1) *References to times in this Announcement are to London time (unless otherwise stated).*
- (2) *The dates and timing of the events in the above timetable and in the rest of this Announcement are indicative only and may be subject to change.*
- (3) *If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement through RNS.*

## APPENDIX

### IMPORTANT NOTICE ON THE PLACING FOR INVITED PLACEEES ONLY

NOT FOR RELEASE, PUBLICATION, OR DISTRIBUTION, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES OF AMERICA, AUSTRALIA, CANADA, JAPAN, NEW ZEALAND OR THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH IT WOULD BE UNLAWFUL TO DO SO.

THE DISTRIBUTION OF THIS ANNOUNCEMENT (INCLUDING THE APPENDIX, TOGETHER THE "ANNOUNCEMENT") AND THE OFFERING OF THE NEW ORDINARY SHARES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED OR PROHIBITED BY LAW OR REGULATION. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. NO ACTION HAS BEEN TAKEN BY THE COMPANY OR NUMIS SECURITIES LIMITED ("NUMIS") OR PANMURE GORDON (UK) LIMITED ("PANMURE GORDON") THAT WOULD PERMIT AN OFFERING OF SUCH SHARES OR POSSESSION OR DISTRIBUTION OF THIS ANNOUNCEMENT OR ANY OTHER OFFERING OR PUBLICITY MATERIAL RELATING TO SUCH SHARES IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. PERSONS INTO WHOSE POSSESSION THIS ANNOUNCEMENT COMES ARE REQUIRED BY THE COMPANY, NUMIS AND PANMURE GORDON TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO PARTICIPATE IN THE PLACING. THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS CONTAINED HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED, ("FSMA") ("QUALIFIED INVESTORS") BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE "PROSPECTUS DIRECTIVE"); AND (B) IN THE UNITED KINGDOM, TO QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER"); (II) FALL 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 IN (A) OR (B) TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS").

THIS ANNOUNCEMENT HAS BEEN ISSUED BY AND IS THE SOLE RESPONSIBILITY OF THE COMPANY.

THIS ANNOUNCEMENT INCLUDES STATEMENTS, ESTIMATES, OPINIONS AND PROJECTIONS WITH RESPECT TO ANTICIPATED FUTURE PERFORMANCE OF THE GROUP ("FORWARD-LOOKING STATEMENTS") WHICH REFLECT VARIOUS ASSUMPTIONS CONCERNING ANTICIPATED RESULTS TAKEN FROM THE GROUP'S CURRENT BUSINESS PLAN OR FROM PUBLIC SOURCES WHICH MAY OR MAY NOT PROVE TO BE CORRECT. THESE FORWARD LOOKING STATEMENTS CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY, INCLUDING THE TERMS 'ANTICIPATES', 'TARGET', 'BELIEVES', 'ESTIMATES', 'EXPECTS', 'INTENDS', 'MAY', 'PLANS', 'PROJECTS', 'SHOULD' OR 'WILL', OR, IN EACH CASE, THEIR NEGATIVE OR OTHER VARIATIONS OR COMPARABLE TERMINOLOGY OR BY DISCUSSIONS OF STRATEGY, PLANS, OBJECTIVES, GOALS, FUTURE EVENTS OR INTENTIONS. SUCH FORWARD-LOOKING STATEMENTS REFLECT CURRENT EXPECTATIONS BASED ON THE CURRENT BUSINESS PLAN AND VARIOUS OTHER ASSUMPTIONS AND INVOLVE SIGNIFICANT RISKS AND UNCERTAINTIES AND SHOULD NOT BE READ AS GUARANTEES OF FUTURE PERFORMANCE OR RESULTS AND WILL NOT NECESSARILY BE ACCURATE INDICATIONS OF WHETHER OR NOT SUCH RESULTS WILL BE ACHIEVED. AS A RESULT, PROSPECTIVE INVESTORS SHOULD NOT RELY ON SUCH FORWARD-LOOKING



STATEMENTS DUE TO THE INHERENT UNCERTAINTY THEREIN. NO REPRESENTATION OR WARRANTY IS GIVEN AS TO THE COMPLETENESS OR ACCURACY OF ANY FORWARD-LOOKING STATEMENTS CONTAINED IN THIS ANNOUNCEMENT. FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF SUCH STATEMENTS AND, EXCEPT AS REQUIRED BY APPLICABLE LAW, NEITHER THE COMPANY, NUMIS NOR PANMURE GORDON ASSUMES ANY RESPONSIBILITY OR OBLIGATION TO UPDATE OR REVISE PUBLICLY ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE. NO STATEMENT IN THIS ANNOUNCEMENT IS INTENDED TO BE A PROFIT FORECAST AND NO STATEMENT IN THIS ANNOUNCEMENT 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.

THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO.

THIS ANNOUNCEMENT IS NOT FOR PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA. THIS ANNOUNCEMENT IS NOT AN OFFER OF SECURITIES FOR SALE INTO THE UNITED STATES. THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM REGISTRATION. NO PUBLIC OFFERING OF SECURITIES IS BEING MADE IN THE UNITED STATES.

THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) IS FOR INFORMATION PURPOSES ONLY AND DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN NEW ORDINARY SHARES.

In this Appendix, unless the context requires, "Placee" means a Relevant Person (including individuals, funds or others) who has been invited to, and who chooses to, participate in the Placing and by whom or on whose behalf a commitment to subscribe for New Ordinary Shares has been given.

Numis, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, broker and joint bookrunner to the Company in relation to the Placing, the EIS/VCT Admission and the General Admission and is not acting for any other persons in relation to the Placing, the EIS/VCT Admission and the General Admission. Numis is acting exclusively for the Company and for no one else in relation to the matters described in this Announcement and is not advising any other person and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Numis, or for providing advice in relation to the contents of this Announcement or any matter referred to in it. The responsibilities of Numis as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange plc and are not owed to the Company or to any director or shareholder of the Company or any other person, in respect of his decision to acquire shares in the capital of the Company in reliance on any part of this Announcement, or otherwise.

Panmure Gordon, which is authorised and regulated in the United Kingdom by the FCA, is acting as broker and joint bookrunner to the Company in relation to the Placing, the EIS/VCT Admission and the General Admission and is not acting for any other persons in relation to the Placing, the EIS/VCT



Admission and the General Admission. Panmure Gordon is acting exclusively for the Company and for no one else in relation to the matters described in this Announcement and is not advising any other person and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Panmure Gordon, or for providing advice in relation to the contents of this Announcement or any matter referred to in it.

No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by Numis, Panmure Gordon or by any of their respective Affiliates, agents or any of such persons' directors, officers or employees or any other person as to the accuracy or completeness of the written or oral information contained in this Announcement or made available to or publicly available to any interested party or its advisers and no liability whatsoever is accepted by Numis, Panmure Gordon or any of their respective Affiliates, agents, directors, officers or employees or any other person for any loss howsoever arising, directly or indirectly, from any use of such information or otherwise arising in connection therewith and any liability therefor is expressly disclaimed.

The price of shares and the income from them may go down as well as up and investors may not get back the full amount invested on disposal of the shares. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

This Announcement does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is or may be unlawful.

The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; and the New Ordinary Shares have not been, nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of United States, Australia, Canada, Japan, New Zealand or South Africa. Accordingly, subject to certain exceptions or unless an exemption under the relevant securities laws is applicable, the New Ordinary Shares may not be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Australia, Canada, Japan, New Zealand or South Africa or any other jurisdiction outside the United Kingdom.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Announcement or the Appendix should seek appropriate advice before taking any action.

The New Ordinary Shares to be issued pursuant to the Placing will not be admitted to trading on any stock exchange other than the AIM market of 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 Announcement.

Terms defined in this Announcement, including this Appendix, have the meanings as set out in the end of this Appendix (unless the context requires otherwise).

### **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 "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that such New Ordinary Shares 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 through all distribution channels as are permitted by MiFID II (the "**Target Market**").



**Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the New 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, the Joint Brokers 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 New Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.

## 1. DETAILS OF THE PLACING

- 1.1 Numis and Panmure (together the "**Joint Brokers**" and each a "**Joint Broker**") have today entered into the Placing Agreement with the Company under which, subject to the terms and conditions contained therein, each of the Joint Brokers, 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 is not being underwritten by Numis nor Panmure Gordon.
- 1.2 In addition, the Company has also granted the Broker Option to the Joint Brokers in order to enable the Joint Brokers to deal with additional demand under the Placing in the event that requests to participate in the Placing from institutional investors and certain other investors are received during the period from the date of this Announcement to 5.00 p.m. on 20 March 2018.
- 1.3 The Broker Option is exercisable on more than one occasion (but on no more than three occasions) at any time prior to 5.00 p.m. on 20 March 2018. Any Option Shares issued pursuant to the exercise of the Broker Option will be issued on the same terms and conditions as the Placing Shares. The Broker Option may be exercised by the Joint Brokers in their absolute discretion, following consultation with the Company, but there is no obligation on either of the Joint Brokers to exercise the Broker Option or to seek to procure subscribers for Ordinary Shares pursuant to the Broker Option. The maximum number of new Option Shares that may be issued pursuant to the exercise of the Broker Option is 526,315. The maximum number of New Ordinary Shares (including Option Shares) that may be issued pursuant to the Placing is 5,789,472.
- 1.4 The Placing is expected to include a minimum of 1,578,557 EIS/VCT Shares. It is expected that the EIS/VCT Shares will be allotted, conditional upon, amongst other things, on the EIS/VCT Admission occurring by 8.00 a.m. on 4 April 2018 (or such later time as the Joint Brokers may agree with the Company, not being later than 5.00 p.m. on 19 April 2018) and that the General Shares will be allotted, conditional upon, amongst other things, the General Admission occurring by 8.00 a.m. on 5 April 2018 (or such later time as the Joint Brokers may agree with the Company, not being later than 5.00 p.m. on 20 April 2018). The placing of the EIS/VCT Shares is not conditional on the issue of the General Shares and General Admission. Consequently if, following the issue of the EIS/VCT Shares, the conditions relating to the issue of the General Shares are not satisfied, or the Placing Agreement is terminated in accordance with its terms in respect of the General Shares, the General Shares will not be issued and the Company will not receive the related placing monies. In this situation, the Company will not have sufficient working capital for the next 12 months and may have to seek additional funding. Unless the relevant conditions are waived by the Joint Brokers, the General Admission in respect of the General Shares is conditional on the EIS/VCT Admission taking place in accordance with the terms of the Placing Agreement.

- 1.5 The Placing is conditional, amongst other things, upon the approval by shareholders of the Resolutions to be proposed at the General Meeting (which will grant authority to the directors of the Company to allot the New Ordinary Shares and disapply pre-emption rights in respect of the New Ordinary Shares).
- 1.6 The New Ordinary Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared or made after the date of issue of the New Ordinary Shares.
- 1.7 The Company has agreed with the Joint Brokers to a 180 day lockup from the date of the Placing Agreement, subject to certain exceptions, including receipt of prior approval from the Joint Brokers.
- 1.8 The Placing Agreement contains customary undertakings and warranties given by the Company to the Joint Brokers including as to the accuracy of information contained in this Announcement, to matters relating to the Company (and the Group as a whole) and its business and a customary indemnity given by the Company to the Joint Brokers in respect of liabilities arising out of or in connection with the Placing, the EIS/VCT Admission and the General Admission.
- 1.9 Details on the conditions to which the Placing is subject are set out in paragraph 4 below.
- 1.10 Placees' commitments in respect of New Ordinary Shares will be made solely on the basis of the information contained in this Announcement (including this Appendix) and on the terms and conditions contained in it. No admission document for the purposes of the AIM Rules for Companies, or prospectus, is required to be published, or has been or will be published, in relation to the Placing or the New Ordinary Shares.

## **2. ADMISSION**

- 2.1 Application will be made to the London Stock Exchange for admission of the New Ordinary Shares to trading on AIM.
- 2.2 EIS/VCT Admission in respect of the EIS/VCT Shares is expected to become effective on or around 8.00 a.m. on 4 April 2018 (or such later time as the Joint Brokers may agree with the Company, not being later than 5.00 p.m. on 19 April 2018) and dealings in the EIS/VCT Shares are expected to commence on the same day.
- 2.3 General Admission in respect of the General Shares is expected to become effective on or around 8.00 a.m. on 5 April 2018 (or such later time as the Joint Brokers may agree with the Company, not being later than 5.00 p.m. on 20 April 2018) and dealings in the General Shares are expected to commence on the same day.

## **3. PARTICIPATION IN, AND PRINCIPAL TERMS OF, THE PLACING**

- 3.1 Numis is acting as nominated adviser, broker, joint bookrunner and as agent for the Company in connection with the Placing, Applications, the EIS/VCT Admission and the General Admission. Numis is authorised and regulated in the United Kingdom by the FCA, and is acting exclusively for the Company and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of Numis or for providing advice in relation to the matters described in this Announcement.
- 3.2 Panmure Gordon is acting as broker and joint bookrunner and as agent for the Company in connection with the Placing, Applications, the EIS/VCT Admission and the General Admission. Panmure Gordon is authorised and regulated in the United Kingdom by the FCA, and is acting exclusively for the Company and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than the Company for providing the

protections afforded to the customers of Panmure Gordon or for providing advice in relation to the matters described in this Announcement.

- 3.3 This Appendix 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 New Ordinary Shares.
- 3.4 The Joint Brokers are arranging the Placing severally (and not jointly nor jointly and severally) as agents of the Company. Participation in the Placing is only available to persons who may lawfully be, and are, invited to participate in it by the Joint Brokers. Each of the Joint Brokers and their respective Affiliates are entitled to participate in the Placing as principal.
- 3.5 The price per New Ordinary Share is fixed at the Placing Price and is payable by the Placees to the relevant Joint Broker (or as it may direct).
- 3.6 Each Placee's allocation will be confirmed to such Placee orally by the relevant Joint Broker or one of their respective Affiliates, and a contract note will be dispatched as soon as practicable thereafter as evidence of such Placee's allocation and commitment. The terms and conditions of this Appendix will be deemed incorporated into the contract note. The oral confirmation shall constitute an irrevocable legally binding commitment upon that person (who will at that point become a Placee) in favour of the relevant Joint Broker and the Company to subscribe for the number of New Ordinary Shares allocated to it at the Placing Price on the terms and subject to the conditions set out in this Appendix and in accordance with the Company's articles of association and each Placee will be deemed to have read and understood this Announcement in its entirety. An offer to acquire New Ordinary Shares, which has been communicated by a prospective Placee to either Joint Broker or one of their respective Affiliates which has not been withdrawn or revoked prior to publication of this Announcement shall not be capable of withdrawal or revocation immediately following the publication of this Announcement without the consent of the relevant Joint Broker.
- 3.7 Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the relevant Joint Broker (as agent for the Company), to pay to it (or as it may direct) in cleared funds immediately on the settlement date in accordance with the registration and settlement requirements set out below an amount equal to the product of the Placing Price and such number of New Ordinary Shares that such Placee has agreed to acquire and the Company has agreed to allot and issue to that Placee. Each Placee's obligation will be owed to the Company and to the relevant Joint Broker.
- 3.8 Each Joint Broker may choose to accept bids, either in whole or in part, on the basis of allocations determined at their discretion (in agreement with the Company) and may scale down any bids for this purpose on such basis as it may determine. Each Joint Broker may also, subject to the prior consent of the Company, allocate the New Ordinary Shares after the time of any initial allocation to any person submitting a bid after such time.
- 3.9 Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing is confirmed, settlement for all New Ordinary Shares to be acquired pursuant to the Placing will be made at the same time, on the basis explained below under "Registration and Settlement".
- 3.10 All obligations 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 Agreement".
- 3.11 By participating in the Placing, each Placee agrees 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.
- 3.12 To the fullest extent permissible by law and applicable FCA rules, neither Joint Broker nor any of their respective Affiliates shall have any liability (including, to the fullest extent permissible

by law, any fiduciary duties) to Placees (or to any other person whether acting on behalf of a Placee or otherwise) under these terms and conditions. In particular, neither Joint Broker nor any of their respective Affiliates shall have any liability (including, to the fullest 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 the Joint Brokers and the Company may determine.

#### **4. CONDITIONS OF THE PLACING**

4.1 The Joint Brokers' obligations under the Placing Agreement are conditional on, amongst other things:

- (a) the EIS/VCT Admission occurring by 8.00 a.m. on 4 April 2018 (or such later time as the Joint Brokers may agree with the Company, not being later than 5.00 p.m. on 19 April 2018);
- (b) the compliance by the Company of all of its obligations under the Placing Agreement to the extent they are required to be performed on or prior to the EIS/VCT Admission;
- (c) publication of this Announcement;
- (d) the Resolutions being passed at the general meeting to be held on 3 April 2018;
- (e) the delivery to both Joint Brokers of a warranty confirmation certificate signed by a Director on behalf of the Company and dated the date of the EIS/VCT Admission;
- (f) the Placing Agreement not having been terminated prior to the EIS/VCT Admission; and
- (g) in respect of the General Shares only, amongst other things:
  - i. the General Admission occurring by 8.00 a.m. on 5 April 2018 (or such later time as the Joint Brokers may agree with the Company, not being later than 5.00 p.m. on 20 April 2018);
  - ii. the compliance by the Company of all of its obligations under the Placing Agreement to the extent they are required to be performed on or prior to the General Admission;
  - iii. the delivery to both Joint Brokers of a warranty confirmation certificate signed by a Director on behalf of the Company and dated the date of the General Admission; and
  - iv. the Placing Agreement not having been terminated prior to the General Admission.

4.2 If (i) any condition contained in the Placing Agreement in relation to the New Ordinary Shares is not fulfilled or waived (to the extent capable of being waived) by the Joint Brokers, by the respective time or date where specified, (ii) any such condition becomes incapable of being fulfilled or (iii) the Placing Agreement is terminated in accordance with its terms, the Placing will not proceed and the Placee's rights and obligations hereunder in relation to the New Ordinary Shares shall cease and terminate at such time (provided that following the EIS/VCT Admission, only the obligations relating to the General Shares shall terminate) and each Placee agrees that no claim can be made by the Placee in respect thereof. For the avoidance of doubt, the EIS/VCT Admission in respect of the EIS/VCT Shares is not conditional on the General Admission taking place but (unless the relevant conditions are waived by the Joint Brokers) the

General Admission in respect of the General Shares is conditional on the EIS/VCT Admission taking place in accordance with the terms of the Placing Agreement.

- 4.3 The Joint Brokers may, in their discretion and upon such terms as they think fit, waive or extend the period for compliance by the Company with the whole or any part of certain of the Company's obligations in relation to the conditions in the Placing Agreement. In particular, the condition above relating to the occurrence of the General Admission may not be waived. Any such extension or waiver will not affect the Placees' commitments as set out in this Announcement.
- 4.4 Neither of the Joint Brokers 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 it may make as to whether or not to waive (to the extent capable of being waived) or to extend the time and/or the date for the satisfaction of any condition to the Placing nor for any decision it may make as to the satisfaction of any condition or in respect of the Placing generally, and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Joint Brokers.

## **5. TERMINATION OF THE PLACING AGREEMENT**

- 5.1 Each of the Joint Brokers is entitled in its absolute discretion, at any time prior to the EIS/VCT Admission, to elect to terminate its obligations under the Placing Agreement with immediate effect, and terminate its obligations relating to the General Shares at any time following the EIS/VCT Admission but prior to the General Admission, in each case by giving notice to the Company in certain circumstances, including (but not limited to):
- (a) the Company fails to comply, in any respect which either Joint Broker in its opinion (acting in good faith) believes is material, with any of its obligations under the Placing Agreement; or
  - (b) any warranty given by the Company to the Joint Brokers is untrue, inaccurate in any material respect or is misleading; or
  - (c) in the opinion of the Joint Brokers, acting jointly and in good faith, there shall have been, occurred, happened or come into effect any event or matter which is or is likely to be materially adverse to the issue of the New Ordinary Shares under the Placing; or
  - (d) there shall occur any act of terrorism, outbreak of hostilities, escalation of hostilities or other analogous major calamity or crisis or change or development (including a prospective change or development) in national or international financial, monetary, political, economic or general market conditions, in each case the effect of which, in the opinion of the Joint Brokers, acting jointly and in good faith, makes it impractical or inadvisable to proceed with the EIS/VCT Admission and/or the General Admission in the manner contemplated in the Announcement, or trading generally on the London Stock Exchange has been suspended or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by the London Stock Exchange or by order of any governmental authority, or a material disruption has occurred in commercial banking or securities settlement or clearance services in the UK; or
  - (e) a banking moratorium has been declared by the UK or any member state of the EU.
- 5.2 Therefore, the Placing, insofar as it relates to EIS/VCT Shares, is only capable of termination prior to EIS/VCT Admission and, the Placing, insofar as it relates to the General Shares may be terminated at any time prior to the General Admission.



- 5.3 The rights and obligations of the Placees shall terminate only in the circumstances described in these terms and conditions and in the Placing Agreement and will not be subject to termination by the Placee or any prospective Placee at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by the Joint Brokers of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of the Joint Brokers and that neither Joint Broker need make any reference to Placees and that neither Joint Broker nor its respective Affiliates shall have any liability to Placees whatsoever in connection with any such exercise. Placees will have no rights against the Joint Brokers, the Company or any of their respective directors or employees (or Affiliates) under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 (as amended).

## **6. NO ADMISSION DOCUMENT OR PROSPECTUS**

- 6.1 The New Ordinary Shares are being offered to a limited number of specifically invited persons only and will not be offered in such a way as to require an admission document or prospectus in the United Kingdom or in any other jurisdiction. No offering document, admission document or prospectus has been or will be submitted to be approved by the FCA or submitted to the London Stock Exchange in relation to the Placing, and Placees' commitments will be made solely on the basis of the information contained in this Announcement, the contract note and the Exchange Information (as defined further below). Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information (other than the Exchange Information), representation, warranty, or statement made by or on behalf of the Company, the Joint Brokers, or any other person and neither the Joint Brokers, the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received and, if given or made, such information, representation, warranty or statement must not be relied upon as having been authorised by the Joint Brokers, the Company, or their respective officers, directors, employees or agents. 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. Neither the Company nor the Joint Brokers are making any undertaking or warranty to any Placee regarding the legality of an investment in the New Ordinary Shares by such Placee under any legal, investment or similar laws or regulations. Each Placee should not consider any information in this Announcement to be legal, tax or business advice. Each Placee should consult its own solicitor, tax adviser and financial adviser for independent legal, tax and financial advice regarding an investment in the New Ordinary Shares. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

## **7. REGISTRATION AND SETTLEMENT**

- 7.1 Settlement of transactions in the New Ordinary Shares (ISIN: GB00BDB6Q760) following each of the EIS/VCT Admission and the General Admission will take place within the system administered by Euroclear UK & Ireland Limited ("**CREST**"), subject to certain exceptions. Numis, which will be acting on behalf of the Joint Brokers as settlement bank for the New Ordinary Shares, reserves the right to require settlement for, and delivery of, the New Ordinary Shares (or a portion thereof) to Placees in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in any Placee's jurisdiction.
- 7.2 Each Placee allocated New Ordinary Shares in the Placing will be sent a contract note in accordance with the standing arrangements in place with Numis, stating the number of New Ordinary Shares allocated to it at the Placing Price, the aggregate amount owed by such Placee and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions that it has in place with Numis.



- 7.3 The Company will instruct its registrar to deliver the New Ordinary Shares to CREST accounts operated by Numis as agent for the Company and Numis will enter its delivery (DEL) instruction into the CREST system. Numis will hold any New Ordinary Shares delivered to this account as nominee for the Placees. The input to CREST by a Placee of a matching or acceptance instruction will then allow delivery of the relevant New Ordinary Shares to that Placee against payment.
- 7.4 It is expected that settlement will be on 4 April 2018 in respect of the EIS/VCT Shares and on 5 April 2018 in respect of the General Shares, in accordance with the instructions set out in the contract note.
- 7.5 Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by the Joint Brokers.
- 7.6 Each Placee is deemed to agree that, if it does not comply with these obligations, the Joint Brokers may sell any or all of the New Ordinary Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the relevant Joint Broker's account and benefit (as agent of the Company), an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable and shall indemnify the Joint Brokers (each as agent of the Company) for any shortfall between the net proceeds of such sale and the placing proceeds of such New Ordinary Shares and will be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Placee's New Ordinary Shares on its behalf. By communicating a bid for New Ordinary Shares to the relevant Joint Broker, each Placee confers on such Joint Broker all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which such Joint Broker lawfully takes in pursuance of such sale.
- 7.7 If New Ordinary Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the contract note is copied and delivered immediately to the relevant person within that organisation.
- 7.8 Insofar as New Ordinary 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 New Ordinary Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax.
- 7.9 Placees will not be entitled to receive any fee or commission in connection with the Placing.

## **8. REPRESENTATIONS AND WARRANTIES**

- 8.1 By participating in the Placing, each Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) that:
- (a) it has read and understood this Announcement in its entirety and its subscription for the New Ordinary Shares is subject to, and based on, the terms and conditions of the Placing as referred to and included in this Announcement and undertakes not to redistribute or duplicate this Announcement;
  - (b) its obligations are irrevocable and legally binding and shall not be capable of rescission or termination by it in any circumstances;
  - (c) the EIS/VCT Shares will be allotted on the EIS/VCT Admission and that the placing of the EIS/VCT Shares is not conditional on the issue of the General Shares and General Admission. Consequently if, following the issue of the EIS/VCT Shares, the conditions relating to the issue of the General Shares are not satisfied, or the Placing Agreement is terminated in accordance with its terms

in respect of the General Shares, the General Shares will not be issued and the Company will not receive the related placing monies. In this situation, the Company will not have sufficient working capital for the next 12 months and may have to seek additional funding;

- (d) no offering document, admission document or prospectus has been prepared in connection with the Placing and that it has not received and will not receive a prospectus, admission document or other offering document in connection with the Placing;
- (e) the Ordinary Shares are admitted to trading on AIM, and the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules (collectively "**Exchange Information**"), 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 or comparable information concerning any other publicly traded company without undue difficulty;
- (f) (i) it has made its own assessment of the Company, the New Ordinary Shares and the terms and conditions of the Placing 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 has satisfied itself that the information is still current; (ii) none of the Joint Brokers, the Company, any of their respective Affiliates or any person acting on behalf of any of them has provided, or will provide it, with any material regarding the New Ordinary Shares in addition to this Announcement; and (iii) it has not requested the Joint Brokers, the Company or any of their respective Affiliates or any person acting on behalf of any of them to provide it with any such information;
- (g) the content of this Announcement is exclusively the responsibility of the Company and that neither Joint Broker, nor any of their respective Affiliates or any person acting on their behalf, has, or shall have, any liability for any information, representation or statement contained in this Announcement or any information previously or concurrently published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement or elsewhere;
- (h) the only information on which it has relied in committing itself to acquire the New Ordinary Shares is contained in this Announcement and any Exchange Information, such information being all it deems necessary to make an investment decision in respect of the New Ordinary Shares, and that it has not received or relied on any information given or any representations, warranties or statements, express or implied, made by, the Joint Brokers or the Company or any of their respective Affiliates or any person acting on behalf of any of them or, if received, it has not relied upon any such information, representations, warranties or statements (including any management presentation that may have been received by any prospective Placee or any material prepared by the respective research departments of the Joint Brokers (the views of such research department not representing and being independent from those of the Company and the respective Corporate Finance Departments of the Joint Brokers and not being attributable to the same)) and neither the Joint Brokers nor the Company (or any of their respective Affiliates) will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any information, representation, warranty or statement other than that contained in this Announcement and any Exchange Information. Each Placee further acknowledges and agrees that it may not place the same degree of reliance on this Announcement as it may otherwise place on a prospectus or admission document.

- (i) unless paragraph (j) below applies, it has neither received nor relied on any 'inside information' (for the purposes of MAR and section 56 of the Criminal Justice Act 1993) concerning the Company in accepting this invitation to participate in the Placing;
- (j) if it has received any 'inside information' (for the purposes of the EU Market Abuse Regulation 596/2014 and section 56 of the Criminal Justice Act 1993) in relation to the Company and its securities, it confirms that it has received such information within the market soundings regime provided for in article 11 of the EU Market Abuse Regulation 596/2014 and associated delegated regulations and it has not: (i) dealt (or attempted to deal) in the securities of the Company; (ii) encouraged, recommended or induced another person to deal in the securities of the Company; or (iii) unlawfully disclosed inside information to any person, prior to the information being made publicly available;
- (k) acknowledges that neither of the Joint Brokers has any duties or responsibilities to it, or its clients, similar or comparable to the duties of "best execution" and "suitability" imposed by the Conduct of Business Sourcebook in the FCA's Handbook of Rules and Guidance and that neither Joint Broker is acting for it or its clients and that the Joint Brokers will not be responsible for providing protections to it or its clients;
- (l) it has the funds available to pay for the New Ordinary Shares it has agreed to acquire and acknowledges, agrees and undertakes that it will pay the total subscription amount in accordance with the terms of this Announcement on the due time and date set out herein, failing which the relevant New Ordinary Shares may be placed with other acquirers or sold at such price as the Joint Brokers determine;
- (m) it: (i) is permitted to acquire the New Ordinary Shares under the laws of all relevant jurisdictions; (ii) has fully complied, and will comply, with all such laws; (iii) has the requisite capacity and authority and is entitled to enter into and to perform its obligations as a subscriber for New Ordinary Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Announcement) 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 subscription for New Ordinary Shares;
- (n) unless otherwise specifically agreed with the Joint Brokers, it is not, and any person who it is acting on behalf of is not, and at the time the New Ordinary Shares are subscribed will not be, a resident of, or with an address in, the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa, and it acknowledges and agrees that the New Ordinary Shares have not been and will not be registered or otherwise qualified under the securities legislation of the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa and may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;
- (o) it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any New Ordinary Shares that are allocated to it for the purposes of its business;
- (p) it is acting as principal only in respect of the Placing or, if it is acting for any other person (i) it is duly authorised to do so; (ii) it is and will remain liable to the

Company and/or the Joint Brokers for the performance of all of its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person); (iii) it is both an "authorised person" for the purposes of FSMA and a qualified investor acting as agent for such person; and (iv) such person is either (1) a FSMA qualified investor or (2) its "client" (as defined in section 86(2) of FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Placing or any other offers or transferable securities on his behalf without reference to him;

- (q) if a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, represents and warrants that the New Ordinary Shares purchased 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 European Economic Area which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the prior consent of the Joint Brokers has been given to the offer or resale;
- (r) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the New Ordinary Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and it acknowledges and agrees that this Announcement has not been approved by either Joint Broker in each of their capacity as an authorised person under section 21 of FSMA and it may not therefore be subject to the controls which would apply if it was made or approved as financial promotion by an authorised person;
- (s) it is aware of and acknowledges that it has complied with and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the New Ordinary Shares in, from or otherwise involving, the United Kingdom;
- (t) it will not make any offer to the public of the New Ordinary Shares and has not offered or sold and will not offer or sell any New Ordinary Shares to persons in the United Kingdom or elsewhere in the European Economic Area prior to each of the EIS/VCT Admission and the General 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 in and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of FSMA or an offer to the public in any other member state of the European Economic Area within the meaning of the Prospectus Directive (which includes any relevant implementing measure in any Member State of the European Economic Area);
- (u) it is aware of and acknowledges that it is required to comply, and does and will comply, with its obligations under the Criminal Justice Act 1993 and the EU Market Abuse Regulation 596/2014 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 Regulations 2017 and the Money Laundering Sourcebook of the FCA (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;
- (v) it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, with all applicable provisions of FSMA, the EU Market Abuse Regulation 596/2014 and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- (w) time is of essence as regards its obligations under this Appendix;

- (x) the allocation, allotment, issue and delivery to it, or the person specified by it for registration as a holder of New Ordinary Shares, will not give rise to a stamp duty or stamp duty reserve tax liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that no instrument under which it acquires New Ordinary Shares (whether as principal, agent or nominee) would be subject to stamp duty or the increased rates referred to in those sections and that it, or the person specified by it for registration as a holder of New Ordinary Shares, is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of New Ordinary Shares would give rise to such a liability or in connection with arrangements to issue depository receipts or to issue or transfer New Ordinary Shares into a clearance service;
- (y) it, or the person specified by it for registration as a holder of the New Ordinary Shares, will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto), if any, payable on acquisition of any of the New Ordinary Shares or the agreement to acquire the New Ordinary Shares and acknowledges and agrees that none of the Joint Brokers, the Company, any of their respective Affiliates or any person acting on behalf of them will be responsible for any such liability to stamp duty or stamp duty reserve tax. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing, and agrees to indemnify the Company and the Joint Brokers (and any of their respective Affiliates) on an after-tax basis in respect of the same, on the basis that the New Ordinary Shares will be allotted to the CREST stock accounts of the Joint Brokers who will each hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;
- (z) neither of the Joint Brokers, nor any of their respective Affiliates, nor any person acting on behalf of any of them has or shall have any liability for any information, representation or statement contained in this Announcement 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 Announcement or elsewhere, provided that nothing in this paragraph shall exclude any liability of any person for fraud. Without limitation to the foregoing, it is expressly acknowledged that neither of the Joint Brokers, nor any of their respective Affiliates, nor any person acting on behalf of any of them has given any warranty or undertaking that EIS Relief and/or VCT Relief will be available in respect of any investment in the EIS/VCT Shares;
- (aa) neither of the Joint Brokers, nor any of their respective Affiliates, 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 its participation in the Placing is on the basis that it is not and will not be a client of either Joint Broker and that neither Joint Broker has duties or responsibilities to it for providing the protections afforded to its clients or customers under the rules of the FCA, for providing advice in relation to the Placing, in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or 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;
- (bb) in order to ensure compliance with the Money Laundering Regulations 2007, the Joint Brokers (each 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 the Joint Brokers or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the New Ordinary Shares may be retained at the Joint Brokers' absolute discretion or, where appropriate, delivery of the New Ordinary Shares to it in uncertificated form, may be retained at the Joint Brokers' or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity the Joint Brokers (each for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, each Joint Broker 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;

- (cc) the Joint Brokers may, and their respective Affiliates acting as an investor for its or their own account(s) may, acquire and/or purchase New Ordinary Shares and, in that capacity may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the New Ordinary Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this Announcement to the New Ordinary Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by the Joint Brokers and/or any of their respective Affiliates acting as an investor for its or their own account(s). Neither of the Joint Brokers 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;
- (dd) these terms and conditions and any agreements entered into by it pursuant to these terms and conditions, and all non-contractual or other obligations arising out of or in connection with them, shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards 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 New Ordinary Shares (together with any interest chargeable thereon) may be taken by the Company or the Joint Brokers 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;
- (ee) the Company and the Joint Brokers and their respective Affiliates and others will rely upon the truth and accuracy of the foregoing agreements, acknowledgements, representations, warranties and undertakings which are given to each of the Joint Brokers, on its own behalf and on behalf of the Company, and are irrevocable;
- (ff) it irrevocably appoints any duly authorised officer of the Joint Brokers 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 New Ordinary Shares for which it agrees to subscribe or purchase upon the terms of this Announcement;
- (gg) it will indemnify on an after tax basis and hold the Company, the Joint Brokers and their respective Affiliates 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, undertakings, agreements and acknowledgements in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing;

- (hh) it has knowledge and experience in financial, business and international investment matters and is required to evaluate the merits and risks of subscribing for the New Ordinary Shares; (ii) 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; and (iii) it has relied upon its own examination and due diligence of the Company and its associates taken as a whole, and the terms of the Placing, including the merits and risks involved and has satisfied itself concerning the relevant tax, legal, currency and other economic consideration relevant to its subscription for New Ordinary Shares;
  - (ii) to the fullest extent permitted by law, it acknowledges and agrees to the disclaimers contained in this Announcement (including this Appendix); and
  - (jj) its commitment to acquire New Ordinary Shares on the terms set out herein and in the contract note will continue notwithstanding any amendment that may in future be made to the terms 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 conduct of the Placing.
- 8.2 The representations, warranties, acknowledgements and undertakings contained in this Appendix are given to each of the Company and the Joint Brokers (for their own benefit, and where relevant, the benefit of their respective Affiliates) and are irrevocable and shall not be capable of termination in any circumstances.
- 8.3 The agreement to settle a Placee's subscription (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company for the New Ordinary Shares in question. Such agreement assumes that the New Ordinary Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to transfer the New Ordinary Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other subsequent dealing in the New Ordinary Shares, UK stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor the Joint Brokers will be responsible, and the Placee to whom (or on behalf 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 New Ordinary Shares has given rise to such UK stamp duty or stamp duty reserve tax undertakes to pay such UK stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and the Joint Brokers in the event that any of the Company and/or the Joint Brokers has incurred any such liability to UK stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify the Joint Brokers accordingly.
- 8.4 The Company and the Joint Brokers are not liable to bear any stamp duty, stamp duty reserve tax, or other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest or penalties) that arise on a sale of New Ordinary Shares subsequent to their acquisition by Placees.
- 8.5 In addition, Placees should note that they will be liable for any 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 subscription by them of any New Ordinary Shares or the agreement by them to acquire any New Ordinary Shares.
- 8.6 Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing, and agrees to indemnify the Company and the Joint Brokers on an after-tax basis in respect of the same, on the basis that the New Ordinary Shares will be allotted to the CREST stock accounts of the Joint Brokers who will each hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions.



- 8.7 Each Placee, and any person acting on behalf of the Placee, acknowledges and agrees that the Joint Brokers do not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement.
- 8.8 Each Placee, and any person acting on behalf of the Placee, acknowledges and agrees that the Joint Brokers or any of their respective Affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the New Ordinary Shares.
- 8.9 When a Placee or person acting on behalf of the Placee is dealing with the Joint Brokers, any money held in an account with either Joint Broker 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 rules and regulations of the FCA made under FSMA. The Placee acknowledges and agrees 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 the relevant Joint Broker's money in accordance with the client money rules and will be used by such Joint Broker in the course of its own business; and the Placee will rank only as a general creditor of such Joint Broker (as applicable).
- 8.10 Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.
- 8.11 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 Announcement.
- 8.12 All times and dates in this Announcement may be subject to amendment. The Joint Brokers shall notify the Placees and any person acting on behalf of a Placee of any changes.